FINANCIAL TIMES

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NEWS SUMMARY

GENERAL

Children among Zaire dead

French Legionnaires in the Shaba province of Zaire are still uncovering the bodies of Europeans killed as the rebels fled Kolwezi.

About 20 Europeans — including 12 children—are reported dead in a house outside Kolwezi, bringing the total of Europeans killed in the conflict to 200.

Meanwhile, President Giscard d'Estaing said French paratroops would withdraw when they had traced Europeans still missing, in spite of a plea from President Mobutu, who wants the troops to stay indefinitely. **Back, Page 5**

Charles attacks pig breeding

Prince Charles said he would become a vegetarian after touring an experimental pig breeding unit at Stoneleigh, Warwicks. He said he "did not like the system" and added: "I'm glad I'm not a pig. I shall become a vegetarian."

In Bonn, the Queen told a lunch given by Chancellor Helmut Schmidt that Europe had an increasing role to play in solving the world's problems. "I sometimes think the world recognises this more than Europe does herself," she said.

Ship bomb alert

A bomb alert aboard the cruise liner Oriana in mid-Atlantic resulted in three Army bomb disposal men being put on alert for a parachute drop on to the ship. The threat, phoned to P and O offices in London, proved to be a hoax after a search by the ship's crew and the parachute drop was called off.

Hove successor

Francis Zindoga, chairman of Bishop Abel Muzorewa's United African National Council, will be Rhodesia's joint justice minister following the controversial sacking of Mr. Byron Hove.

Meanwhile, guerrillas attacked the town of Wedza, 50 miles from Salisbury, only hours before a visit by Mr. Ian Smith and other leaders of the transitional government.

Docker dies

Sir Bernard Docker, the millionaire whose lifestyle included an £500,000 yacht and a gold-plated Daimler has died in a Bournemouth nursing home, aged 81.

Fewer killings

Last year was among the least violent in Ulster since the early 1970s, Sir Kenneth Newman, head of the Royal Ulster Constabulary, reported. The trend is continuing this year, with 34 killings against 59 in the same period last year.

Court cleared

Six men accused of kidnapping politician Peter Lorenz in 1975 were removed from court in West Berlin after shouting down an official reading out charges. One of the men—alleged members of the June 2 Movement—spat showing gum at a policeman.

Air delay talks

UK airlines and tour operators are combining in a bid to end air traffic control delays in time for the peak holiday season. Most of the trouble involves Mediterranean routes. **Page 9**

Briefly . . .

Princess Margaret's divorce from Lord Snowdon will be "rubber stamped" in the Law Courts, London, today.

Thieves have taken 200 breeding trout worth £2,000 from a fish farm near Salisbury.

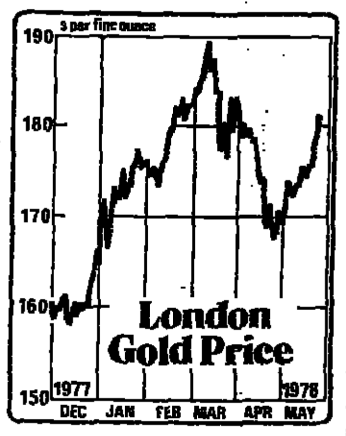
A 100,000 name petition calling for a ban on the neutron bomb was handed in at the Foreign Office.

A 2½-inch gold model of Concorde, given to jailed MP John Stonehouse when he was Aviation Minister, fetched £750 at Christies.

BUSINESS

Gold up \$1¾ ahead of U.S. auction

● **GOLD improved \$1¾ to \$181¼ in London ahead of the U.S. gold auction and in New York *the Comex May settlement price* was \$1.90 up at \$181.30.**



● **EQUITIES interest faded after a good start, and the FT ordinary index closed only 1.8 ahead at 470.6.**

● **GILTS reacted to the Government broker's re-activating of the long tap and the Government Securities index closed 0.20 up at 70.39.**

● **STERLING lost 30 points to \$1.8105 in subdued trading. The pound's trade-weighted index remained unchanged at 61.6 while the dollar's depreciation improved to 4.71 per cent (4.78).**

● **WALL STREET fell 10.13 to 845.29, prompted by worries about inflation and on profit-taking.**

● **COPPER cash wire bars closed £8.5 up at £740.5 on the LME, on news of damage to the Kolwezi mines, which produce the bulk of Zaire's copper. Page 33.**

● **U.S. TREASURY Bill rates were: threes, 6.476 per cent (6.318) and sixes, 7.111 per cent (7.014).**

● UK ACCOUNTING bodies have launched a programme of definitive minimum audit standards, in reply to criticism of the auditing profession. **Back and Page 20**

Plan to save shipbuilding jobs

● **BRITISH SHIPBUILDERS** plans a diversification programme including offshore engineering, sub-sea assemblies for the oil industry and new merchant ships. **Back Page**

● **CHASE MANHATTAN** Bank has asked the Peruvian Government for a special law guaranteeing the financial future of the Southern Peru Copper Corporation—largely financed by international banks—as a condition for further financial assistance. **Back Page**

● **BSC** expects to lose two-thirds of its U.S. business—worth about £100m. this year—as a result of anti-dumping campaigns by some U.S. steel companies. **Back Page**

LABOUR

● **MIRROR GROUP** Newspapers has asked the National Graphical Association to replace seven machine minders, after a meeting voted to continue the action which affected production of Reveille. **Page 12**

COMPANIES

● **REDFEARN** National Glass reports pre-tax profits £0.76m ahead at £1.79m for the 26 weeks to April 2. The company spent £69,345 on professional fees arising from the Monopolies Commission investigation into proposed bids by Rockware Group and United Glass. **Page 25**

● **ICI** is negotiating with Alusuisse, the Swiss aluminium company for the possible acquisition of its German subsidiary Alusuisse Atlantik of Wilhelmshaven. **Page 26**

● **THOMAS BORTHWICK** and Sons pre-tax profit fell from £5.1m to £2.2m for the half-year to March 31. **Page 22 and Lex**

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Treas. 11½pc 1981	£100[illegible]	+ [illegible]
Excheq. 10½pc 1997	£87[illegible]	+ [illegible]
Baird (Wm.)	180	+ 6
Brown (J.)	364	+ 4
Challenge Crp.	140	+ 6
Hunting Assed. Inds.	235	+ 5
K Shoes	67	+ 5
Leisure Caravan	120	+ 4
[illegible]	267	+ 5
Midland Bank	366	+ 6
[illegible]	115	+ 7
NatWest	276	+ 8
Newmark (L.)	178	+ 8
P and O Dfd.	97	+ 4
Philips' Lamps	918	+ 46
Pilkington Bros.	476	+ 6
Plaxton's	75	+ 4
Pochin's	141	+ 14
Press (Wm.)	22	+ 2½
Redfearn Nat. Glass	295	+ 13
Turner Mnf.	124	+ 6
Wettern Bros.	81	+ 4
Oil Exploration	246	+ 12
Siebens (UK)	406	+ 12
Messina	88	+ 9
Minorco	168	+ 7
Northern Mining	93	+ 13
West Drie.	£21¼	+ ¼

FALLS

Fisons	362	− 8
Renold	129	− 3
Thomson Org.	248	− 10
Vernon Fashion	137	− 5
York Trailer	64	− 3

Industry attacks White Paper on worker-directors

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

The Government intends to introduce legislation on trade union-based industrial democracy during the next session of Parliament in spite of an outburst of criticism from industrialists when it spelt out the proposals in a White Paper yesterday.

The intention to press ahead with the legislation, which would provide for employee consultation and worker directors, was announced by the Prime Minister. He said the aim was to replace "defensive co-existence with positive partnership in industry."

Mr. Callaghan received a relatively favourable reception in the Commons when he explained the proposals. But it was clear from industrialists' reactions that he has failed to defuse completely the row which built up early last year when the Bullock report on industrial democracy was published.

The main criticisms from industrialists are that the White Paper's proposals are based on the unions rather than all employees and that they can be statutorily enforced on companies. This led Sir John Methven, Confederation of British Industry director-general, to say last night that the Government was "still obsessed with the idea of extending trade union power."

On the other hand, trade union leaders generally welcomed the proposals and Mr. Len Murray, TUC general secretary, said that most trade unionists would see the White Paper as a "major step forward."

What happens to Mr. Callaghan's plans for legislation, and thus to the prospect of Britain having a worker director system within the next four or five years, depends largely on the timing and results of the general election. Although a Bill could be introduced in the next session after the summer if Labour is still in power, it would run up against considerable opposition in Parliament in spite of yesterday's initially favourable reception.

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In addition to general industrial democracy proposals, the White Paper also says that the Government will legislate to allow companies to introduce a two-tier board structure with a top policy board and a lower-level management board.

This is a significant development in terms of British company law and is likely to lead to a considerable debate about the relative powers that the two Boards should have.

As proposed yesterday the policy Board, which has been based on practice in Denmark, would have more powers than the supervisory board that exists in Germany. Any worker directors would sit on the policy board.

Broadly, the White Paper tones down the main worker director proposals put forward by the Bullock committee last year and accepts some of the ideas suggested by three industrialists on the committee which produced a minority report.

It also absorbs, in a modified form, the preference of many union leaders for industrial democracy to be spread by extending collective bargaining into important company decisions.

It proposes that there should be a statutory obligation on companies with more than 500 employees to consult a committee of union representatives about major company plans before decisions are made. The committee is called a "joint representation committee" and was proposed in the Bullock report as the springboard for a worker director system.

After such a committee had been in existence for three or four years, it would have the right to claim one-third of the

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£100m U.S. bid for rest of Albright and Wilson

BY JAMES BARTHOLOMEW

TENNECO, the 19th largest industrial company in the U.S., is to make a £100m bid for the 50.2 per cent of Albright and Wilson which it does not already own. Albright and Wilson is the UK's second largest chemical company.

The bid came as a surprise to the Board of Albright and Wilson, as well as to the stock market. The directors were told yesterday morning at a Board meeting.

They have not yet decided whether to recommend the offer to shareholders and are considering it with their adviser, Hill Samuel.

The offer of 165p per ordinary share values the company at 10.9 times earnings in 1977.

Albright shares were suspended, before the bid was announced, at 123p.

One of Tenneco's main reasons for the bid is that it wants to develop Albright, putting in additional financial and technical resources.

Tenneco wants to reap the full benefit of its investment, which it would not do if it continued to own only half the company.

Another reason is that Albright is generally thought to have better prospects than most chemical companies at the moment.

A high level of capital investment in recent years is expected

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to bear fruit in 1979. Meanwhile, Albright is, in the words of Mr. David Livingstone, its managing director, "out of the disaster areas of the chemical industry."

Albright manufactures principally phosphorus and phosphates, flavours and fragrances, detergent surfactants, pulp and paper chemicals and certain organic chemicals.

Tenneco helped Albright in 1971 when it had problems with its phosphorous plant in Newfoundland.

Tenneco loaned Albright £17½m and received the right to convert the loan into ordinary shares.

As a result of this and previous share purchases, Tenneco now holds 49.8 per cent of Albright and still has the right to convert another 0.7 per cent. A spokesman said yesterday that it did not do so before announcing the bid to show goodwill.

The relationship between Tenneco and Albright has been "very good" Mr. Livingstone said. He was confident that Tenneco did not envisage major Boardroom changes.

"They have left us to run the company and we have been very successful at it," he said.

Tenneco does not expect the bid to be referred to the Monopolies Commission because the British Government was "fully consulted" at the time that it subscribed to the convertible loan stock.

Tenneco is a conglomerate with interests in manufacturing, natural gas pipelines, oil, chemicals, packaging, agriculture, land management and insurance.

The preference stock is also being bid for at 70p per 3½ per cent stock unit.

Peers shown 'Saudi blacklist'

BY MAURICE SAMUELSON

THE NAMES of more than 1,100 British companies and their affiliates claimed to be on a 1975 Arab blacklist were handed yesterday to a Lords select committee studying the Foreign Boycotts Bill.

The Bill, modelled on recent U.S. legislation, would inhibit companies from answering questionaires related to the boycott of Israel. Companies would also have to inform the Government whenever they receive boycott inquiries.

Mr. Will Maslow, general counsel of the American-Jewish Congress, showed the committee what he claimed to be the 1975 Saudi Arabian blacklist, a paper-bound volume of more than 1,000 pages. It reflected, he said, the "essential anti-Jewish core" of the Arab boycott.

Prominent companies listed included Alfred Herbert, Distillers, Gestetner Holdings, Great Universal Stores, Lex Service Group, Marks and Spencer, N. M. Rothschild, Pearl, Phoenix and Prudential Assurance companies, Rank Xerox, Ready Mixed Concrete, Sears Holdings, S. G. Warburg (Mercury Securities), Thorn Electrical Industries and the UDS Store group.

Leading companies with listed subsidiaries but not named themselves, were Bowater, Guinness Peat, Head Wrightson, Imperial Chemical Industries, Samuel Montagu, Norwich Union Life, and Whitbread.

They appear in a 100-page section of the list containing the 1,150 British entries. These cover about 315 companies and organisations; the other 835 are subsidiaries, affiliates, brand names and duplications of the 315.

The American section of the blacklist has 1,500 names, of which 450 are separate concerns.

Mr. Maslow produced the document because the committee,

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FEATURES

For latest Share Index 'phone 01-246 5026

Official selling aids gilt recovery

BY MICHAEL BLANDEN

THE gilt-edged market recovered yesterday after the Bank of England made significant sales of Government stock for the first time in the last few weeks.

The sales were made after the Government broker cut his price for the official long-dated tap stock to bring it into line with current market levels. Upwards of £50m is believed to have been sold at a price of £63.50, which compares with the £65 which is at present paid up on the stock, and later further modest sales were made at £63⅝.

The official move was seen as confirming the higher level of interest rates following the rises in the official minimum lending rate, and as an attempt to renew the large-scale gilt-edged sales required to fund the public sector borrowing requirement.

The markets remained nervous and uncertain, however, with continued speculation on the possibility of more specific measures to control the money supply.

After the excess growth in the past financial year shown by last week's figures, the markets feel that the Government may have to take direct action, including possibly the re-introduction of the so-called corset control over the growth of the banks, to restore stability.

The news from the gilt-edged market helped to calm down conditions in the money markets, where there had previously been fears of a further rise in MLR from its present 9 per cent. Rates on Treasury bills remained above the trigger point for an MLR increase, however, if they are maintained until Friday's bill tender.

Gilt-edged prices ended the day with gains of ¾ at both the long and the short ends of the market, after showing rises of ½ earlier in the day. The Financial Times Government securities index rose 0.20 to 70.39.

The long stock which was sold was the Exchequer 12 per cent 1998, of which £800m was issued in partly-paid form nearly a month ago.

In quiet foreign exchange markets the pound lost 30 points against the U.S. dollar at \$1.8105, while its trade-weighted index was unchanged throughout the day at 61.6

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£ in New York

—	May 23	Previous
Spot	\$1.8095-8105	\$1.8130-8146
1 month	0.53-0.47 dis	0.55-0.47 dis
3 months	1.45-1.35 dis	1.45-1.37 dis
12 months	5.95-5.75 dis	5.90-5.70 dis

Another fall in adult unemployed

BY DAVID FREUD

ADULT unemployment fell in May for the eighth consecutive month. The drop was the largest since October and supports the tentative signs of economic recovery suggested by recent indicators.

However, officials in Whitehall remain cautious over whether the fall in the number of jobless represents a genuine turnround in the trend.

Department of Employment figures announced yesterday show that the number of adults out of work fell 20,700 to 1.37m in the month to mid-May, seasonally adjusted. The proportion of the workforce unemployed fell from 5.8 to 5.7 per cent.

This is the lowest total of unemployed since June last year, although it is still the highest for any May since the war.

The decline in unemployment is also tending to accelerate. In the last two months 32,600 came off the register, nearly half the total 68,500 who have left it since September. The May fall in the number of jobless is the largest monthly drop since August, 1973.

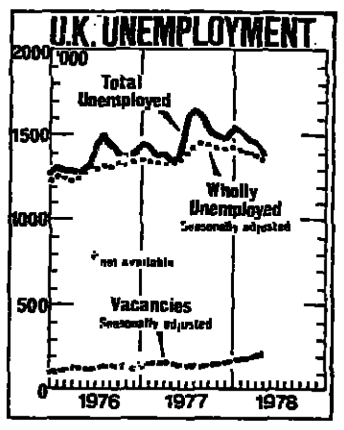
Another encouraging sign is the continued increase in the number of vacancies notified to employment offices—estimated at a third of actual vacancies in the country.

Adjusted for seasonal fluctuations, these rose 6,200 to 209,000, the highest total since October, 1974, when 271,000 were notified. The number of vacancies has increased steadily for eight months and is now 61,800 higher than in September.

One reason officials remain hesitant about accepting the improvement since September at face value is the distortion caused by job creation measures.

These are estimated to be helping 310,000 people and keeping 230,000 off the register. However, the method of calculating these figures has recently been changed, so it is impossible to compare the impact of the measures at different times over the last eight months.

Another reason for caution derives from uncertainty over



how school-leavers are affecting the labour market. Some officials believe that the leap in adult unemployment last summer was caused by school-leavers taking jobs that otherwise would have gone to older people.

Under this theory, the gradual improvement since September is only the effect of adults regaining their normal share of the market. The position could worsen sharply this summer if the same pattern is repeated.

Alternatively, several recent sets of economic statistics have suggested that there was an upturn in activity in the first three months of the year and the encouraging trend in unemployment could reflect this.

The preliminary estimate for Gross Domestic Product published on Monday was more than 1 per cent up in the first three months, compared with the final quarter of 1977.

Figures released last week showed that consumer spending was 2 per cent up over the same three months, while retail sales in February-April were 1.5 per cent higher than in November-January.

The unadjusted unemployment total in the UK, including school-leavers, fell by 64,948 to 1.39m, from 6.1 to 5.8 per cent of the workforce. The total for Britain fell 62,618 to 1.3m, from 6 to 5.7 per cent.

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Strong demand for U.S. gold

BY DAVID BELL

WASHINGTON, May 23.

THE U.S. Treasury to-day sold all the 300,000 ounces of gold on offer at its first gold auction for about three years at an average price of \$180.38.

The strong demand for the gold took som eobservers by surprise. The Treasury said that 212 bids were received for a total og 1,364,000 ounces and that the successful bidders paid between \$180.01 and \$182.35 for their gold.

Today's auction was the first of a batch of six-monthly sales announced by the Treasury a month ago as part of an effort to restore the stability of the dollar. It is expected that after the current series of auctions ends in November the U.S. will continue its policy of selling small amounts of gold though possibly in a slightly different form.

France has trade surplus for third month

By David White

PARIS, May 23.

FRANCE'S foreign trade showed a surplus in April for the third consecutive month, although by a reduced margin of FFr 692m (£82m).

This figure, reached after seasonal adjustments, compares with a surplus of FFr 1.19bn in March and a deficit of FFr 383m in April last year.

The French trade performance so far this year is now running at a small adjusted surplus of FFr 94m. The same four months of 1977 produced a deficit of FFr 5.5bn. The unadjusted figures likewise registered a surplus in April, amounting to FFr 103m, but the first four months showed a shortfall of FFr 1.5bn, being weighed down by an exceptionally adverse January result.

Both imports and exports after adjustments were down on March, with exports dropping 5 per cent to FFr 29.4bn, although they were 15.8 per cent higher than in the same month of 1977. Imports were 4 per cent lower than in March at FFr 28.7bn, which was 10.9 per cent more than in April last year, according to today's announcement by the Foreign Trade Ministry.

The process of recovery in the French trade balance can be traced to early last year. By the end of the year the average monthly short-fall had been sharply reduced to around FFr 300m, from FFr 2.8bn during the last quarter of 1976. For the year as a whole the deficit was halved to FFr 11bn thanks to an export drive, the Government's success in keeping oil purchases below a ceiling of FFr 55bn and a reduction in home demand

Holland opts for nuclear Lances

BY CHARLES BATCHELOR

AMSTERDAM, May 23.

HOLLAND'S DECISION to arm its new U.S.-made Lance missiles with atomic warheads reflects a change in emphasis by the five-month-old Centre-Right Government. The previous Left-wing coalition had provisionally opted to instal only conventional warheads in the Lance rockets.

The decision to maintain an effective nuclear role for Holland within NATO was taken after West Germany declined to take over the responsibility. The previous Government decided against using nuclear warheads on the new missiles while it was holding talks with the West Germans.

The six Lance missile installations are due to become operational in 1979. They will replace eight Honest John installations which will be phased out towards the end of this year. The Lance's range of around 100 kilometres is twice that of the Honest John.

The Dutch Government's decision was not in conflict with its efforts, to reduce the role of nuclear weapons, Mr. Willem Scholten, Minister of Defence, told Parliament yesterday. "A unilateral withdrawal by Holland from the nuclear role in NATO would mean shifting the burden to its partners' in the alliance" Mr. Scholten said. Such a policy would in no way lead to the realisation of the aim of reducing dependence on nuclear weapons.

Mr. Scholten took up his post when his predecessor, Dr. Roelof Kruisinga, resigned after only two months in office, because of a disagreement over policy on the neutron bomb. The Government has kept its option open on the neutron bomb although it faces strong opposition to the weapon from many of its own backbenchers.

The Government was embarrassed by the strength of opposition in Parliament and from the public to its proposals to keep the option open in further discussions within NATO and with the Warsaw Pact. More than a million signatures against the neutron bomb were collected by protesters.

The lance decision will allow the Government to present a more respectable face to its allies. Despite deep-seated Dutch suspicion of all things nuclear, the present cabinet of Christian Democrats and right-wing Liberals has shown a greater willingness to take a harder defence line.

Mr. Dries van Agt, the Prime Minister, said last week that defence and the police would, if possible, be exempted from a Fl 10bn programme of spending cuts now being worked out with the Ministries. Holland cannot shift the defence burden to its NATO partners, he said.

Dr. Kruisinga's resignation in March clearly touched a sensitive nerve. The affair was handled with unexpected coldness in Parliament by Mr. van Agt, who was obviously put out that Dr. Kruisinga had not made his objections to the neutron bomb known before he accepted the defence post.

Arming the Lance missiles with nuclear warheads is seen as an important strengthening of the Dutch defence role in central-Europe, where, together with its NATO allies, Holland faces vastly superior numbers of Warsaw Pact tanks across the flat North German plain.

The decision will also show the forthcoming NATO conference in Washington that Holland is prepared to play its role in increasing the alliance's preparedness. But it will meet tough criticism in the Dutch Parliament.

Outlook still gloomy for W. German textiles

By Guy Hawtin

FRANKFURT, May 23.

WEST GERMANY'S recession-hit textile industry can draw few grounds for optimism from the first quarter's figures. Performance during the first three months of 1978 shows only a slight improvement on poor showing in the comparable period of last year.

The numbers employed in the industry fell by 3.8 per cent to 320,635 during the first two months of the year. While the number of employees on short-time working declined by 500 to 9,800 from March to April, there was an increase of 3,200 in the number of clothing industry workers put on to short-time in the same period, bringing the total affected up to 7,700.

According to Gesamttextile, the industry's trade association, the industry's economic indicators during the first quarter painted a mixed picture of stagnation and decline. The flow of orders was held at about the same level as in the opening three months of 1977.

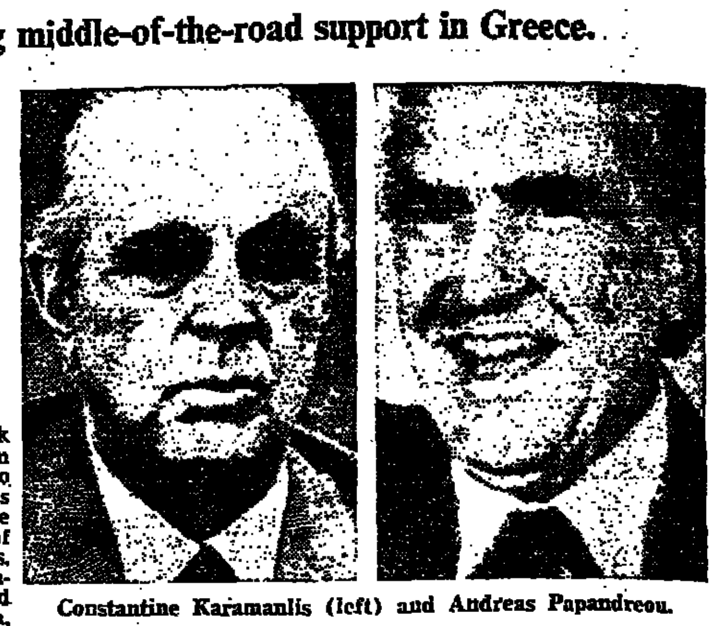
After allowing for price changes, the order volume showed a 2 per cent increase on the previous year's levels, but the industry's production lay a full 4 per cent below that of the year before. Textile producer prices, under heavy pressure during 1977, have remained stable since the beginning of the year—even so, they were 2 per cent lower than in the comparable period of 1977.

Textile imports during the first quarter declined by 1 per cent against the 1977 figure to DM 5.2bn ($2.46bn) while exports fell by 2 per cent to DM 3.5bn.

The ruling New Democracy Party is seeking middle-of-the-road support in Greece.

Our Athens Correspondent reports

Retrieving lost ground



Constantine Karamanlis (left) and Andreas Papandreou.

THE DECISION by Mr. Constantine Karamanlis, the Greek Prime Minister, to broaden the political base of his New Democracy party by taking Liberal politicians into his Cabinet heralds important changes in the Greek political scene.

It is considered to be the opening round in the struggle between Mr. Karamanlis's party and the Left to assimilate the disintegrating middle-of-the-road Union of the Democratic Centre (EDYK). The move is also designed to change the conservative image of the Karamanlis administration and strengthen the Premier's position against the Left as politics in Greece becomes increasingly polarised.

Mr. Andreas Papandreou, leader of the Panhellenic Socialist Movement (PASOK) which doubled its strength to 25 per cent of the vote in last November's elections to become the main opposition party, has said that Mr. Karamanlis's decision reflects an increased concern in conservative circles that PASOK is continuing to gain ground.

He dismissed it as "an attempt by the Government to break the stalemate in national and economic affairs by drawing on the talents of centre party personalities." Nevertheless, Mr. Papandreou cannot be totally unconcerned by this development.

Two main reasons account for the loss of ground by Mr. Karamanlis in the last elections. During his three years in power he had failed to make any spectacular changes, preferring to use old-time politicians to fill key ministerial posts; meanwhile the formation of the National Front party, which grouped royalists and sympathisers of the fallen military junta, cost him votes on the far right.

His opening to the centre is therefore seen as an effort to recover ground, first by bringing in new faces and secondly by ensuring that dissatisfied deputies of EDYK join his party instead of going over to PASOK.

After its share of the vote shrank from 20 to 12 per cent in the last elections, and the number of 15 deputies in Parliament fell from 61 to 15, EDYK began coming apart. Mr. George Mavros resigned as leader of the party and shortly afterwards quit it altogether to become an independent MP.

Mr. Ioannis Zigdis, who took over the leadership, has been unable to keep it together. So far, more than half the deputies have left the party to become independent. The examples of Mr. Athanassios Canellopoulos, who last week joined the Government as Minister of Finance, and Mr. Athanassios Papachristou, who also joined the ruling party may provoke further defections.

Although there has been some resentment from the Right wing of the New Democracy against Mr. Karamanlis' plans to take in more centrists, this is not expected to cause any real trouble.

The appointment of Mr. Constantine Mitsotakis as Minister of co-ordination (the senior economic ministry) makes him a potential prime minister should Mr. Karamanlis decide to run for the Presidency when it becomes vacant in 1980. The 60-year-old Cretan politician is a controversial figure. In 1965 he disagree dwith the then Prime Minister, Mr. George Papandreou (Andreas' father), when the latter clashed with the royal palace.

Mr. Karamanlis's opening to the centre is seen as an effort to recover ground by bringing in new faces and by ensuring that dissatisfied centrist deputies join his party.

After Papandreou's resignation as Prime Minister in July that year, Mr. Mitsotakis joined a group of dissidents who formed another Government based on the Centre Union Party (from which EDYK later sprang). The protracted political crisis that followed ended with the colonels' coup in April 1967 which ushered in seven years of military dictatorship.

Mr. Mitsotakis' appointment as economic overlord (a post he successfully held in the turbulent period preceding the military coup) is said to reflect Mr. Karamanlis's concern that the economy has not been doing as well as it might. Although growth is expected to be 5 per cent this year, inflation is again expected to reach 13 per cent, the payments deficit has worsened, and there has been little investment.

Whether Mr. Mitsotakis can find the answer remains to be seen. His talents are recognised and he is known to have the support of the industrialists—whose relations with the Government have soured because of what they consider excessive state intervention. He has already said that no spectacular changes of economic policy should be expected, but that new measures to stabilise the economy, to halt inflation, and improve productivity would be announced in June.

Mr. Mitsotakis is expected to overshadow leading New Democracy party figures who have been vying for the succession to Mr. Karamanlis. The three contenders so far have been Mr. Panayotis Papaligouras, who served as Minister of Co-ordination and of Foreign Affairs before the recent reshuffle, Mr. George Rallis, who has taken over the Foreign Ministry, and Mr. Evangelos Averoff-Tossitsas, the Defence Minister.

Of the three, only Mr. Averoff-Tossitsas would now be a real contestant. But the not-too-distant future could very well see Mr. Mitsotakis facing the fiery Andreas Papandreou in a general election. The two men did not see eye to eye wehn they were both ministers in the George Papandreou Governments that ruled Greece between November 1963 and July 1965.

In a sense, Mr. Karamanlis' move was necessitated by the fact that Greek politics have always been polarised, with the Right and the Left vying for the undecided voters of the centre.

The extremes on the Right and the Left now cover less than 20 per cent of the vote. In last November's elections, the Communists gained just over 9 per cent of the votes. The far right, represented by the newly-formed National Front, got 7 per cent.

With the disintegration of the centre, the battle in the next elections will most likely be fought between the New Democracy and PASOK, which disagree on all foreign policy issues.

Mr. Papandreou doubled his electoral strength in the last elections by campaigning on populist slogans, emphasising the need for change, adopting an openly anti-American, anti-NATO stand, and also opposing Greek membership of the EEC. But it would appear that he has realised that if he continues to maintain extreme positions he may provoke reactionary forces that could block his bid for power. He has therefore modified his line in several ways.

One of them is to break with past practice by criticising Soviet policies, as he did recently in the case of the Russian attitude in Cyprus. His criticism was also intended to differentiate his position from that of the Greek Communist Party.

On the EEC, Mr. Papandreou now advocates a special agreement rather than Greek membership. If he decides to seek a referendum on the issue, it will be in the safe knowledge that the Government, which considers it has the people's mandate from last November's elections, will refuse.

He continues to appeal to the nationalistic feelings of the people. Recently he created a furore by saying that Greece could acquire its own nuclear deterrent, not necessarily from the superpowers—a shift from his previous stand that Greece should be free of nuclear weapons.

The coming months will show whether the infusion of new blood into the Government will restore the economic health of the country and halt the growth of the Socialists. A first indication of future trends will come from the municipal elections scheduled for next October.

STRAINED ALLIANCE IN CYPRUS

Communists take Kyprianou to task

BY OUR OWN CORRESPONDENT IN NICOSIA

THE COMMUNISTS in Cyprus have recently been highly critical of certain actions of President Spyros Kyprianou, the man whom they helped into the Presidency less than a year ago following the death of Archbishop Makarios.

There is no suggestion that the powerful Moscow-oriented AKEL party (which claims to control "more than 40 per cent of the Greek Cypriot electorate") will try to bring down Mr. Kyprianou's government or challenge his leadership directly. But the old fervour of their alliance has definitely gone, giving place to a coolness and strain that are bound to have their effect on future Cyprus politics and even developments in the eastern Mediterranean.

The estrangement has been such that when Mr. Kyprianou left for New York last weekend on an important diplomatic mission, the leaders of AKEL and the Leftist-Socialist EDEK parties failed to show up at the airport. The two main points on which there have been serious divergence of views were Mr. Kyprianou's "strong protest" to Moscow (over reports that the Soviet Union was offering to supply arms to Turkey) and, more recently, his decision to put off indefinitely the holding of local government elections. Mr. Kyprianou's protest to the Kremlin was seen by many observers as an attempt to show to the world—and particularly the Americans—that he no longer depended on the Communists, even if he had to rely on their backing to assume power.

AKEL had long been campaigning on the slogan that "the Soviet Union is our best, most trusted, unselfish and consistent supporter and friend." How was it possible for Mr. Kyprianou, AKEL asked, even to suspect that the Soviets would supply arms to "the enemy, a NATO country?" And why did he not first seek clarification from Moscow?

Mr. Kyprianou maintains that his action was correct and had brought an "assurance" from the Russians that they do not intend giving arms to Turkey. "I do not regret making that protest . . . as a result, our relations with the Soviet Union have not been harmed, they have even improved," he said. But it is doubtful that the Communists will forgive him easily.

The second issue has angered them even more. The AKEL newspaper, Haravghi, has heaped all kinds of abuse upon him. He was being "inconsistent" and "anti-democratic," and the Government's decision to defer the village elections had caused "justified indignation" because it "usurped their democratic, sovereign rights."

Elections for village authorities—never held since the island's independence from Britain in 1960—had been unanimously decided on by all parties in Parliament and were to take place on June 4. Notices giving details about the nomination of candidates appeared as full-page advertisements in the newspapers only a couple of days before the Government confirmed that it proposed an indefinite deferment "because of the abnormal situation" and in the national interest.

President Kyprianou explained that "we sincerely believe that in these critical months, nothing should be done to disturb the people's unity even in one single village."

The Government believed that the polling for village Boards would create political polarisation that would hurt the Greek Cypriots' campaign to win world support for their diplomatic drive to get Turkish troops out of Cyprus. But there also was the possibility that the Left would win most village Boards, as the Right-wing parties are sharply divided. That would certainly weaken Mr. Kyprianou's current effort to persuade the U.S. Congress to maintain the arms embargo on Turkey.

The Communists, after helping Mr. Kyprianou's Centre-Right "democratic party" win a comfortable majority in Parliament, and in the process ousting the more pro-Western "Democratic Rally" led by former acting President, Mr. Glafkos Clerides, thought that they would be in a position to "run" things in Parliament as they liked. Mr. Kyprianou has shown he believes that he can now rely on his own strength and follow an independent policy.

The indications are that the Communists will try to avoid a confrontation for the time being. They have only nine seats in the 34-seat Parliament. But the strains will remain.

If there was a complete break in relations between AKEL and the Government, Mr. Kyprianou would be forced to seek the support or even a merger of Mr. Clerides' "Democratic Rally" and other nationalists. That would be a definite blow to Communist aspirations to increase their influence.

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EUROPEAN NEWS

Italians to vote on party financing and public order

BY PAUL BETTS

ROME, May 23.

ABOUT 40m Italians will be called to vote next month on two referenda involving the public financing of political parties and the current law on public order in spite of attempts by the country's main political forces to avert another electoral confrontation at this delicate moment.

However, the main parties have succeeded in avoiding a number of other referenda, including a potentially explosive one on abortion, by modifying the existing legislation affecting them.

The referenda were promoted by the small and highly vocal Left-wing Radical Party which succeeded last year in securing the necessary half million public signatures giving them the constitutional right to call a referendum.

The main parties, however, decided to rush through Parliament amendments to existing legislation to avoid the electoral confrontation. Obstruction tactics in Parliament by the Radicals and in part, and for different reasons, by the neo-Fascist MSI Party, prevented the passing of new legislation to cancel two of the original seven referenda.

Nonetheless, the promoters of the seven referenda, who saw President Giovanni Leone today, are still hoping that the Italian Court of Cassation will rule at a meeting tomorrow that the changes in the legislation are not sufficient to cancel all of them.

The main parties, including both the ruling Christian Democrats and the Communists, are presenting a united front in the campaign for the June 11 vote, asking the electorate to vote against the Radical-inspired referenda.

There is a large measure of apathy and confusion in the country towards the June vote, and it is unlikely that the majority of the electorate will vote against the Public Order Law—the so-called "Legge Reale"—in the wake of the kidnapping and murder of Sig. Aldo Moro by Red Brigades terrorists. In any event, the law is being changed.

The public financing of parties, introduced three years ago, is expected to generate more interest, but the vote is unlikely to disturb the present political framework which sees the Communist support directly in the parliamentary majority a Christian Democrat minority government.

The united front of the main parties against the referenda effectively associates the Communists even more closely with the parliamentary majority and the Christian Democrats, who recorded a sizeable advance in local polls last week when the Communists suffered a setback.

Italy faces 24-hour halt to railways

Italian railwaymen were to go on a 24-hour strike last night, bringing the nation's rail network to a standstill, Reuter reports from Rome. The strike is aimed at forcing management to complete negotiations on a labour contract including productivity bonuses and investment in modern equipment.

Red Brigades

Police found an abandoned hide-out yesterday which they said had been used by the Red Brigades terrorist group, which claimed responsibility for killing former premier Aldo Moro. Reuter writes from Rome that the police reported that they seized a large supply of weapons, ammunition and documents. No arrests were made.

Swiss bank assets

Net foreign assets of the Swiss banking system, including fiduciary accounts, rose by SwFr 2.7bn in the first quarter of this year to SwFr 34.8bn, according to the Swiss National Bank, John Wicks reports from Zurich. Swiss commercial banks' assets abroad on own account plus their currency swaps with the national bank went up by SwFr 600m to SwFr 79.2bn during the three-month period, while their own-account liabilities fell off by SwFr 2.3bn to SwFr 54.2bn.

Turkey oil strike

A strike in support of a pay claim by more than 3,000 oil workers in Turkey spread yesterday to a pipeline that supplies the country's second-largest refinery, union officials said. Reuter reports from Ankara that the officials claimed that the action had stopped the daily flow of 38,000 barrels of crude from reaching the Atlas refinery on the south coast and could halt all production there from Turkish fields within three days.

Spain cabinet to consider restructuring of shipyards

BY ROBERT GRAHAM

MADRID, May 23.

THE shipbuilding industry, the most depressed industrial sector in Spain, will require the injection of some Pta 26bn ($325m) to overcome its present difficulties, according to a plan to restructure the sector drawn up by the Ministry of Industry and shortly to be considered by the Cabinet.

How to deal with the crisis in the shipbuilding industry, along with that in the steel industry, are the two most important industrial decisions facing the Government. Although the steel industry's losses are larger, how to solve the problems of the shipbuilding sector is a far more delicate political decision.

The three main yards, Bazan, Astano and Astilleros Espanoles, that account for more than 90 per cent of total capacity, are all situated in the areas where unemployment is worse—round Cadiz and Bilbao. In particular, the economy of the Cadiz area is almost wholly bound up with shipbuilding, and there have been serious riots there on at least two occasions in the past six months. The three companies employ directly 34,316 persons.

Due to the current depressed state of the international industry, and over-expansion, these three yards are reckoned to be 40 per cent above a realistic capacity. Their present workload is 900,000 gross tonnes against a capacity of 1.9m gross tonnes. The level of orders is still declining.

Total losses for the three companies are believed to be in the region of Pta 9bn ($112m), roughly a fifth of those of the steel industry. These losses are of less concern than the need to cary out a drastic cut in the labour force.

To do this in areas of high unemployment is considered politically and socially dangerous, and as a result the Government has preferred to postpone any decision. Yet sooner or later a decision will have to be taken, and the Ministry of Industry is urging speed.

Ministry officials recognise the difficulty of basing a solution on a reduction in the labour force. They realise that since the state controls 100 per cent of Bazan (which builds vessels for the Navy) and 50 per cent of the other two companies, the Government is especially vulnerable to political and trade union pressure to retain jobs.

Thus the plan, somewhat ambiguously, refers to a maximum cut in activity of 20 per cent, relying on early retirement and natural wastage to do the rest.

In financial terms the plan envisages a capital increase of some Pta 10bn ($125m) and a further Pta 16bn ($200m) in credits provided mainly by the Government.

Catalan employers agree on action against strikes

BY DAVID GARDNER

BARCELONA, May 23.

THE KEY Catalan employers' federation SEFES, representing employers from Baix Llobregat, the region's most important industrial area, yesterday agreed to impose a 24-hour lockout for each day lost through strikes in the province of Barcelona.

The meeting, at which employers from other key Catalan areas were also strongly represented, also sent strongly-worded telegrams to the Labour and Interior ministries, criticising their "ineffectiveness" and the role of Barcelona's civil governor and the Labour Ministry's local secretary in local wage negotiations.

The lockout move, unparalleled elsewhere in Spain, follows a plethora of mass stoppages and demonstrations in Barcelona province, centred on the metal, textile, and construction industries.

Last week, 800,000 workers in the province were involved in the most widespread and co-ordinated strike action in Catalonia taken since Franco's death in 1975.

Although the disputes follow the breakdown in yearly wage negotiations, they have focused more on social than economic issues. The trade unions have particularly emphasised the full restoration of union rights, and the readmission of workers sacked for union activity in the past.

The Catalan employers have responded vigorously to the Government's Bill to establish union rights in the workplace. Previously they have concentrated their fire on the Government, but now their main target is the unions.

Last night they also agreed on stiff disciplinary measures against delegates elected in recent factory council elections, who have been organising actions in support of the Bill.

Portugal plans law to combat terrorism

By Jimmy Burns

LISBON, May 23.

SR. MARIO SOARES, the Portuguese Prime Minister, has asked for a major enforcement of law and order in Portugal.

In a toughly-worded speech to the Portuguese Parliament that lasted over an hour this afternoon, Sr. Soares said that his Government would introduce legislation within the next few weeks to combat terrorism and prevent the establishment of "Fascist" organisations.

He said that although Portugal, compared to other European countries, was relatively free of serious social and political tensions, its democratic institutions were being threatened by what he termed "the demons of a resurrected totalitarian ideology."

Sr. Soares aded that his speech sprung not from a new "authoritarian rhetoric" but from a conscious awareness that there was now an urgent need to strengthen the authority of Portugal's democratic institutions.

Legislation would involve a restructuring of the police force that would include the establishment of a special anti-terrorist squad and an intelligence service empowered to investigate dangerous political activism.

Portugal's former secret police, the PIDE-DGS, were disbanded by the military authorities on April 25, 1974, when a coup, backed by democratic forces, toppled nearly half a century of dictatorship.

In recent months limited but not insignificant terrorist acts have taken place both on the Portuguese mainland and on Portugal's autonomous Atlantic islands, which are known havens of extreme right separatist organisations.

AMERICAN NEWS

Canadian Liberals accused of $ trading

By Victor Mackie

OTTAWA, May 23.

THE FINANCIAL spokesman of Canada's opposition Conservative party, Mr. Sinclair Stevens, has alleged that nine Liberal MPs, including possibly two or three Cabinet Ministers, tried to profit from the recent fall in the value of the Canadian dollar.

Prime Minister Pierre Trudeau said the allegations, raised in the Commons today, would be investigated without delay.

Mr. Stevens originally made the charges in an interview during the weekend. He said he did not have the names of the MPs involved but that the names were available.

"We've learned through the banks that nine Liberal MPs played the Canadian market as it was going down," said Mr. Stevens.

He said the Conservatives were faced with the dilemma of whether they should raise the issue because those who supplied the party with the information could get into trouble. He was upset that Mr. Trudeau had on two occasions suggested that Conservative MPs were trading against the dollar.

A Government spokesman said later that Mr. Stevens will be asked to document his allegations and name the people involved.

Dominican poll outcome clearer

SANTO DOMINGO, May 23.

SR. ANTONIO GUZMAN, the opposition presidential candidate, today appeared to be heading for victory in a Dominican Republic election which has been marked by controversy since voting took place a week ago.

Results released last night by the National Electoral Commission gave Sr. Guzmán a lead which analysts said should guarantee victory over the incumbant president, Dr. Joaquin Balaguer.

The army moved in last Wednesday to stop the counting of votes after the opposition candidate took a lead over Dr. Balaguer, who has been in power for 12 years. But the army later withdrew and counting resumed.

Latest figures showed Sr. Guzmán with 579,516 votes to 450,515 for Dr. Balaguer, Reuter

INDUSTRIAL UNREST IN BRAZIL

Workers rediscover the strike weapon

BY SUE BRANFORD IN SAO PAULO

THROUGHOUT Sao Bernardo and Santo Andre, in the heart of Sao Paulo's industrial hinterland, factory machinery has been coming to a halt, giving way to noisy assemblies of workers, who for the first time in 10 years are collectively expressing grievances about pay and conditions. By last week-end, some 50,000 workers were involved in the movement.

The wave of strikes began a week last Friday in the toolshop of the Swedish lorry manufacturer, Saab Scania. It spread rapidly, mainly to other foreign-owned concerns, including Ford, Volkswagen, Mercedes-Benz, Chrysler, Perkins, Philips, Pirelli, and General Electric. A number of Brazilian companies were also affected, such as Cofab which makes car parts and Otis which manufactures lifts.

The strikers' main demand is for a 20 per cent. wage increase, but other claims include cheaper company bus fares, cheaper meals and better medical services. Most employers agreed to study the demands and some have already agreed to give what the others concede. But a few, like Ford, have completely refused to negotiate. Many workers have gone back pending a reply from the management, but promising to come out again if they find the proposed settlement unsatisfactory.

Caught in an election year when it is already under heavy attack from the business sector and the liberal community, the Government has attempted to be conciliatory. Nonetheless, the regional labour court ruled the strike movement illegal last Thursday, though the effect seems to have been to increase the number of strikers.

Although all news of the strike wave has been censored from radio and television, public opinion seems to be firmly behind the workers. For the strikers, bringing the factories to a halt has been no less than a historic experience. "After the 12.30 whistle, one or two turned their machines on," reported one. "But they saw that they couldn't really carry on or they'd get it. I almost cried when I couldn't hear any noise. It was strange to realise our power."

The last strike in Brazil took place in 1968 at Osasco, also in Sao Paulo, and ended when workers occupying a number of factories were marched out, their hands on their heads, through lines of soldiers. The law banning strikes in Brazil was passed in 1964, two months after the military took power. It provides powers to dismiss workers from their jobs, and to punish strike leaders with one year's imprisonment and a heavy fine, or, if the charges are brought under the National Security Law, with four years' imprisonment. In most factories involved, commissions have been elected to present demands to management. While at Ford's and Chrysler's, workers will only meet management together, to avoid any leaders being picked upon. One striker explained: "A commission would have been pressurised. So we didn't form one."

Union representatives have been called into some factories to negotiate on the workers' behalf. In the last year, the metalworkers union leaders have been constantly in the news calling for improvements of workers' pay and conditions. Much support came their way when Government officials admitted last year that the inflation index for 1973 had been fixed well below its true level, thus leading to an artificially low adjustment of wages for workers in that year. Up to 1969, the real value of wages had been reduced under the Government's wage squeeze policy. Since then it has remained more or less steady, with the workers not benefiting from the high levels of growth in production during the years of the "economic miracle."

Job stability is another source of worry to the Brazilian worker. The relative security which he enjoyed until 1966-67, ended with the introduction of the "Guarantee Fund for the Time of Service" (FGTS) scheme. FGTS allows employees considerable latitude to sack workers without compensation and, according to DIEESE, the union research department, the turnover of labour has doubled since the new scheme was introduced. A DIEESE study showed that the highest number of dismissals occurs just before the annual wage review, after which workers are re-employed at lower rates. The Government has admitted that the situation is serious and recently announced that it is looking into ways of reducing turnover.

The conflict looks like prolonging itself, with the Saab-Scania workers' rejection of their management's offer of a 6.5 per cent rise and with Volkswagen's refusal to offer anything at all. Much in the next few days will depend on the attitude taken by the Government to the latest hot potato to have fallen in its lap.

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AMERICAN NEWS

Proxmire blow to NYC aid plan

By John Wyles

NEW YORK, May 23.

SENATOR William Proxmire today dealt a severe blow to the prospects of New York City winning a new federal aid programme by the end of June. He cancelled hearings, scheduled for tomorrow, of the Senate Banking Committee, of which he is chairman.

The Senator, who has made no secret of his view that New York City should be left to its own devices to stave off bankruptcy, issued a terse statement this morning which said: "I agreed to hold the May 24 hearings only on the condition that certain actions would be accomplished in New York City and New York state before that date. None of these actions has been accomplished to date."

Mr. Proxmire's move was almost certainly prompted by the fact that negotiations between the city and the municipal unions over pay broke down last night amid considerable acrimony. Although details are scanty, union leaders are claiming that the city changed its offer when the two sides appeared to be close to agreement, and that, as a result, the gap between the two sides had widened considerably.

Governor Hugh Carey, of New York State, and Mr. Edward Koch, the city's Mayor, gave an assurance 18 days ago that a pay deal would be reached by last Saturday, and that other conditions for obtaining federal aid would be in place. The deadline passed with none of the five goals achieved.

The cancellation of the Banking Committee hearings on the Carter Administration's proposal to provide New York with \$2bn of 15-year loan guarantees means that the city could be left without federal aid after June 30, when the existing three-year programme is to expire.

Jamaica talks postponed

By Canute James

KINGSTON, May 23.

A MEETING here between heads of government of several developed and developing countries has been postponed, the Jamaican Prime Minister's office announced last night.

It should have taken place at the end of this month, but was postponed, according to the statement, because of difficulties in finding two consecutive and convenient days for the statesmen involved.

AT&T to curb pay, price increases for rest of year

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, May 23.

AMERICAN Telephone and Telegraph (AT&T) today announced that it would be curbing increases in salaries for its senior executives and that its manufacturing subsidiary would not raise the price of telephone equipment for the rest of the year.

AT&T's action is in direct response to the Administration's appeals for voluntary co-operation from the business community in the fight against inflation. It comes after a decision at the weekend by General Motors, the leading car company, which took a similar line on executive pay, limiting increases to 5 per cent.

Today's announcement was foreshadowed yesterday by Mr. Robert Strauss, President Carter's chief inflation adviser. He told a congressional committee he had had "very constructive and encouraging talks" with Mr. John de Butts, AT&T's chairman.

The telephone company's action only applies to its 430 top executives and the statement did not promise, as had that of General Motors, an evaluation of discretionary pay increases to which the majority of the labour force might be entitled. Nonetheless, it does enable the Administration to claim that it is having some success in enlisting the co-operation of business for the voluntary anti-inflationary programme.

The Administration's Council on Wage and Price Stability has recommended that senior company executives should restrict themselves to the 5 per cent. limit and was clearly pleased by the General Motors initiative.

Mr. Strauss was fulsome in praise yesterday of another company, Fieldcrest Mills, the textile concern, for trimming a previously announced 6 per cent. price increase for its popular line of towels. That decision was disclosed after talks between Mr. Strauss and Mr. William Battle, Fieldcrest's chief executive.

Successes which are as much symbolic as practically useful have to be matched against the formidable obstacles ahead, which Mr. Strauss does not minimise, in securing general acceptance of the voluntary programme.

An indication of the difficulties was provided recently by the obduracy of Mr. George Meany, head of the AFL-CIO, in refusing to commit the union movement to agreeing to more moderate pay increases than in years past.

Professional groups such as doctors and lawyers, the latter particularly stung by President Carter's onslaught on the legal fraternity, do not appear to be entering their talks with the Administration in a spirit of constructive co-operation.

In a report on the inflationary pressures in the economy, published yesterday, the Council on Wage and Price Stability forecast a reduction in the current 9 per cent.-plus rate of price increases later in the year, but still put the annual rate of increase at 7 per cent.

The report drew particular attention to two forthcoming labour contracts, for postal workers and railwaymen. Its comments on the first of these went to the heart of Mr. Meany's objections, which are that it is unfair to ask lower-paid workers to accept modest pay increases since they would remain at a relative disadvantage and would suffer a decline in living standards so long as inflation raged.

While in congressional testimony yesterday Mr Strauss agreed with Mr. Meany's overall point, the Council argued strongly that the postal workers were relatively well off, since they were earning 45 per cent. more than the average urban worker, a gap which had widened from 27 per cent. over the last seven years.

The report also drew attention to the anti-inflationary effect of lower-cost imports, particularly of food, and the Administration backed this up by formally urging Congress not to pass legislation to control further meat imports.

Fed rebuffs New York bank plan

BY OUR OWN CORRESPONDENT

NEW YORK, May 23

PLANS TO establish a banking free trade zone in New York are being countered by Federal Reserve Board statements emphasising the difficulties that could be created for the U.S. banking system.

Although the supporters of the proposal are anxious to minimise the potential importance of the Fed's reservations, a statement made by Mr. Philip Coldwell, a member of the Federal Reserve Board yesterday, coupled with replies which the Fed has given to inquiries from Congressmen indicate the banking regulators are anxious to dampen some of the increasing enthusiasm in New York.

The plan would require the Fed to approve the creation of so-called domestic international banking facilities which would be freed from current interest rate restrictions on deposits and from maintaining a certain proportion of reserves against deposits.

These restrictions apply to U.S. banks' domestic operations, but not to their facilities outside the U.S.

Interviewed after a speech he made at the New York State Banks' Association convention in Florida, Mr. Coldwell drew attention to the problems which might be created by freeing "trade zone" banks from depositing reserves with the Fed.

"The problem is one of leakages. How do we maintain control of the money supply with a free trade zone? I am concerned that we might create a loophole through which several billion dollars a year could run," Mr Coldwell told a New York Times reporter.

The New York state legislature is thought likely to pass legislation by the summer which would make considerable tax concessions on overseas banking profits earned by subsidiaries established in the free trade zone. The proposal would then be formally sent to the Fed for approval, although scrutiny could last a year or more.

However, a spokesman for the Fed said this morning that a preliminary examination of the plan is under way and that the Fed had told a number of Congressmen that it already saw a number of potential problems.

One of the issues raised, says the Fed, is the possibility that U.S. companies might switch funds to these offshore banking facilities and this would have implications for the conduct of monetary policy.

Another question which would have to be examined would be its impact on competition between large and small U.S. banks.

U.S. COMPANY NEWS

Foreign borrowers rush to beat higher interest rates: tighter margins trim Deere: Two suitors for Corco — Page 28

Supreme Court ban on safety checks

By Our Own Correspondent

WASHINGTON, May 23.

THE SUPREME COURT ruled today that officials of the federal Occupational Safety and Health Administration (OSHA) may not carry out spot checks on business without first securing a formal warrant.

The verdict will certainly be welcomed by U.S. businesses, which have claimed that OSHA, in seeking to ensure that the safety and health laws are properly obeyed, has been unnecessarily intrusive and added to bureaucratic red tape. But by the same token, both unions and advocates of the need for greater industrial safety are likely to be appalled.

However, the Court, mindful of the potentially wide implications of its verdict for other kinds of government inspection, said that while OSHA officials would in future need a warrant, the principle was not necessarily extended to other agencies. The majority opinion, written by Justice Byron White, stated that each law must stand on its own provisions.

Thus it would appear that other inspection agencies which now operate without warrants may continue to do so, unless challenged in a case similar to the one decided today.

The Justice Department argued strongly in front of the Court that it would be wrong to remove the spot check capability. It cited a Congressional report which said that 14,500 people were killed each year from industrial accidents and another 2.2m injured or disabled. In the view of the Government, OSHA has been a significant force in ensuring that companies paid attention to the health and safety laws of the land.

The Court acknowledged this to some extent when it ruled that in order to obtain a warrant it was not necessary for OSHA to prove that there was reasonable cause for suspecting that a company was breaking the law. However, the mere act of applying for a warrant does provide a company with advance notice of inspection.

The constitutional basis for the Supreme Court's action, which was taken on a 5-3 vote, with one justice not participating in the case, is the Fourth Amendment of the Constitution, which bans "unreasonable searches and seizures." The Court majority concluded that the privacy of employers was being invaded by the inspection provisions of the 1970 OSHA Act, which are thereby nullified. The Administration is expected to respond to the ruling later today.

OVERSEAS NEWS

Talks re-open on major gas project in Siberia

BY DOUGLAS RAMSEY

TOKYO, May 23

A NEW round of talks on the multibillion dollar Yakutsk natural gas project resumed in Tokyo today amid pessimism in Japanese circles that a general agreement to proceed can be reached this year.

The week-long talks between the Soviet Union, Japanese and U.S. developers take up where similar discussions in Moscow last March left off — with Russia's Deputy Trade Minister expected to release the Soviet Union's cost estimate for the project.

The Japanese, led by Tokyo Gas, and U.S., led by El Paso Natural Gas, consortia indicated as long ago as 1972 their willingness to provide financing for the development of deposits estimated at 10,000bn cubic metres of natural gas in return for financing the project and provision of development know-how, the Japanese and U.S. participants would jointly receive 10bn cubic metres of liquefied natural gas (LNG) a year over 25 years.

In March, representatives of the Tokyo Gas and El Paso consortia submitted to the Soviet Union their joint feasibility study on financing the project at the Yakutsk fields in Siberia.

Mr. Toshio Komoto, Japan's International Trade and Industry Minister, has said that Japan would be prepared to take further measures, if necessary, to help the country achieve its 7 per cent economic growth target for the fiscal year of 1978, Reuter reports from Tokyo. He told a news conference that he had assured OECD Secretary-General Emile Van Lennep during a meeting in Tokyo that Japan would achieve the target for the year which began on April 1. They agreed that Japan and other industrialised countries should attain high economic growth to cut unemployment, Mr. Komoto added.

According to Japanese reports, the Western estimate is for a development bill of \$3.9bn. But Moscow is believed to put the total cost of Yakutsk development at well over \$4bn.

Mr. Oshkov, the Soviet Deputy Trade Minister, indicated on his arrival in Tokyo at the week-end that the Russian side will place on the table its own feasibility study of the projects's development costs. Japanese observers say that most of this week's meeting will be devoted to analysing the Soviet estimate and attempts to reach agreement on a final joint estimate of financing requirements for the project.

The joint estimate, in turn, must precede negotiations on a "general agreement" between the Soviet, U.S and Japanese parties concerned under which the Western consortia must pledge large-scale finance for the project. The "general agreement" will require extensive consultation with the Japanese and U.S. Governments as well, since a large part of credit for the project is expected to come from their respective Eximbanks (which have been involved in the exploration phase of Yakutsk natural gas development).

U.S., Peking edge closer together

BY JOHN HOFFMANN

PEKING, May 23

CHINA AND the U.S. edged closer together this week following three days of talks between President Carter's National Security Adviser Mr. Zbigniew Brzezinski and Chinese leaders.

But the two countries are no closer to bridging the diplomatic chasm represented by America's links with Taiwan.

Mr. Brzezinski left Peking today for Tokyo, probably relieved that the Taiwan issue had been allowed to lie relatively undisturbed. In meetings with Premier Hua Kuo Feng, Vice Premier Teng Hsiao Ping, Foreign Minister Huang Hua and other Chinese officials, Mr. Brzezinski put the U.S. view of international questions of common concern.

The American envoy said last night, after his final round of discussions: "One theme emerged particularly clearly. Our shared views outweigh our differences."

Addressing Foreign Minister Huang Hua at a farewell banquet in Peking he said: "We both oppose efforts by others to seek a monolithic world."

"We both believe that through vigilance and strength, in your words, a war can be postponed, and in our words, war can be avoided."

Mr. Brzezinski delivered a glancing blow to the Soviet Union in a reference to Russian and Cuban activities in Africa. He told Mr. Huang: "Neither of us despatches international marauders who masquerade as non-aligned to advance big power ambitions in Africa. Neither of us seeks to enforce the political obedience of our neighbours through military force."

His three-day visit had been constructive, he said, because it "will facilitate the normalisation of our bilateral relations."

Mr. Brzezinski knows, however, that "normalisation" will take more than an exchange of friendly sentiments across the dinner table.

China acts over secrets

BY COLINA MACDOUGALL

CHINA'S MILITARY Commission, the all-powerful party body that supervises military affairs, has recently taken steps to prevent the apparently widespread leakage of secret information.

The action follows allegations in the provinces, notably Inner Mongolia, that officials had handed on State secrets to unspecified recipients.

The new security rules lay down that all unauthorised Army personnel should avoid discussing military secrets, asking questions about them, reading secret documents and mentioning secrets in private correspondence.

While there is nothing inherently strange in these new measures, it comes as a surprise to find that the theft, loss and exploitation of secret information is apparently as commonplace in China as the new rules imply.

Secret information should not be recorded anywhere but in classified files, nor should it be discussed openly, even with family members, the new regulations state. Secret documents should never be taken to public places or homes of relatives or friends, nor should public telephones, uncoded telegrams or civilian post offices be used for handling secret information.

OVERSEAS NEWS

Egyptian poll 'a vote for democracy'

BY ROGER MATTHEWS CAIRO, May 23.

EGYPT HAS passed a turning point on the road to democracy as a result of last Sunday's referendum, President Anwar Sadat declared to-day.

The 98.29 per cent. "yes" vote for the broad principles proposed by Mr. Sadat to curb critics of the regime "was not support for me, it was support for true democracy," he said.

Speaking to journalists Mr. Sadat recalled that some people had been worried that special measures were about to be introduced and political prisons re-opened.

"Anyone who thought that was going to happen is irresponsible and does not have the same level of understanding as the Egyptian people," he said.

The referendum, which had been carried out in an atmosphere of complete freedom, according to the President, had shown that democracy in Egypt meant that differing opinions were equally respected.

The three principal targets of Mr. Sadat, and of the legislation that will be drawn up following the referendum, are "Communists," pre-revolutionary Right-wing politicians now heading the New Wafd Party, and a limited number of journalists. However, some observers interpreted Mr. Sadat's remarks today as meaning there could still be a stay of execution if the opposition forces adopted a "more constructive attitude."

The Left-wing Unionist Progressive Party issued a statement today in which it warned against the dangers of "futile confrontation." The party fears it might be banned following the seizure of last week's edition of its newspaper in which it advocated a "no" vote in the referendum.

Soviet bloc angers Iraqis

BY IHSAN HIJAZI BEIRUT, May 23.

SOVIET BLOC relations with one of their closest Arab allies, Iraq, are undergoing serious strain.

Baghdad's Government newspaper, Al Jumbouriya, launched a strong attack against Poland today, accusing it of shifting its Middle East policy in favour of Israel and against the Arabs.

The newspaper referred to celebrations in Warsaw last month marking the anniversary of the Jewish uprising against the Nazis. It said the State-controlled Press in Poland had been writing editorials in support of Israel.

The attack came only a few days after the Government in Baghdad banned Iraqis from travelling to Poland, charging that Arab visitors to Warsaw were subjected to maltreatment by the Polish authorities.

Earlier, the Soviet embassy in Baghdad was forced to move its offices after water and electricity were cut off from the building which was next door to the offices of President Ahmed Hassan al-Bakr.

Iraq is the only Arab country which has a treaty of friendship and co-operation with Moscow. The treaty was concluded six years ago. Egypt, which had a similar treaty, abrogated it two years ago at the height of the crisis between President Sadat and Soviet leaders.

The crisis in relations is reflected in heated argument between the ruling Baath Party and Iraq's Soviet-oriented Communist Party. Observers believe the row between them threatens the National Progressive Front which the Baathists and Communists established five years ago

The Iraqi Communist Party, which is believed to be the largest in the Arab world, agreed to cooperate with the Baathists after the signing of the treaty with Moscow.

W. Bank land probe urged

BY DAVID LENNON TEL AVIV, May 23.

THE MAYOR of Bethlehem today called on Mr. Ezer Weizman, the Israeli Defence Minister, to appoint a committee to investigate the military authorities' policy towards West Bank land as the row over apparent attempts by Israel to take control of property belonging to emigrants intensified—in spite of Government denials of any policy change.

The Mayor, Mr. Elias Freij, accused the authorities of trying to stifle West Bank economic development by vesting control of tens of thousands of acres and thousands of houses in the custodian of absentees' property.

Mr. Weizman told the Knesset foreign affairs and security committee that there had been no change in Israel's policy towards emigrants' property. Nor was there any intention to expropriate land

ZAIRE

Another massacre site found

PARIS, May 23.

FRENCH troops have discovered a new massacre site with the bodies of about 20 Europeans, including a dozen children, and have now put the total white death toll in Kolwezi at about 200, the Defence Ministry said to-day.

The figure was the highest so far reported for whites killed in the battle-scarred southern Zaire town following the rebel invasion of Shaba province.

The ministry spokesman said a group of hysterical European women and children, their husbands and fathers apparently killed by rebels, had been found yesterday roaming in the bush outside the town.

"They were obviously hysterical with fright," he said. "It seems that all the husbands of the women we found had been shot by the rebels."

Unaccounted

The new massacre site had been discovered last night as the troops combed the battle-scarred town in Shaba Province.

The spokesman said an undetermined number of Europeans, including about 70 French nationals, was still unaccounted for.

The ministry spokesman in Paris said legionnaires clashed with rebels yesterday, killing a number of them and capturing 30 Soviet-made weapons including two mortars, two recoilless cannon and four machine-guns. There were no legion casualties.

The spokesman categorically denied claims by two Belgian officers at Kamina air base over 200 kilometres (125 miles) from Kolwezi that the French had killed five Rhodesians and a Belgian.

(Reuter)

French troops push Zaire rebels towards Angola

BY MARK WEBSTER IN KOLWEZI, MAY 23

THE FRENCH Foreign Legion is pushing the remaining rebel forces outwards for Kolwezi towards the Angolan border but is meeting with occasional pockets of resistance. They troops are scouring the countryside but are finding it difficult to distinguish between locals who sympathise with the rebel cause and the rebels themselves.

On one raid which I accompanied some 40 km out of Kolwezi, the French soldiers found one young rebel, about 16 years old, who carried his membership card of the Congo National Liberation Front (FNLC) in his pocket. Having searched him the soldiers suggested that I might like to go outside and wait.

In the African area of the town there is still sporadic fighting at night, according to an officer with the French Foreign Legion which has its headquarters there. But the shooting is more likely to be an excitable member of the Zaire army than any of the rebels thought to be hiding out in the town in civilian clothes.

Now that the Belgians have pulled out, the only white faces are the French paratroopers. Only a few Africans still walk the streets collecting odd items from the abandoned European houses.

Their problems are only just beginning, said the Red Cross representative M. Frederick Steinemann. There has been no running water for five days and the looted and wrecked shops have been completely stripped.

The badly decomposed corpses of soldiers, rebels, and civilians still lie in the streets. In the hot sun the smell is unbearable. Understandably, no one wants the job of clearing them up. But the Red Cross is making a start, as the danger of an epidemic becomes more and more likely.

The situation has been made more difficult by the return of the Zaire soldiers from the bush. French soldiers said they fled when the rebels arrived, shooting indiscriminately in order to get cars and escape from the town.

Now they are making up for their missing wages as best they can. I was stopped twice on the road from the airport into town by raggedly dressed Zairean soldiers demanding money. They complained that they had not been paid for some weeks.

The Zairean paratroopers who first took the airport at Kolwezi now guard with an affected ferocity occasionally waving their arms at passers-by who are mostly journalists.

They have been left to guard the airport which is still receiving several French Transport aircraft every day. They are mostly bringing in supplies for the legionnaires and the Zairean troops have to make do with what they can catch nearby to eat.

The last few European refugees are being taken out, some of them having been in hiding for over a week. Two Belgians with African wives who left yesterday said they had headed for the bush when the rebels arrived. They only returned when it was clear that there were more rebels in the bush than there were in the town.

The huge mining complex here is completely still. Responsible for providing around 60 per cent of the country's foreign exchange, it is crucial to the already badly weakened Zairean economy.

Little of the fighting took place near the mainly open pit mines and little visible damage had been done to the heavy plant and machinery belonging to the Government-owned Gecamines concern.

But according to U.S. sources the underground mines which account for 25 per cent of production have been flooded because the pumps have been switched off.

Estimates on how long it would take to clear the water vary between five weeks and several months. But any work would depend on the return of the expatriate labour which has fled.

The rebels may therefore have achieved what must be one of their principal aims—the destruction of much of the base of the Zairean economy. The psychological damage done by the rebels is incalculable. And for whites the memory of the massacre of at least 30 Europeans in one house will not be easy to erase even though the pleasant tree-lined streets may soon be back to normal.

Belgian Government attacked in parliament

BY DAVID BUCHAN BRUSSELS, May 23.

BELGIUM'S reappraisal of its future policy towards Zaire began today, as parliament started an inquest on the Kolwezi massacres, in which many Belgians have died, and the subsequent rescue operation involving 1,200 Belgian paratroopers.

Prime Minister Leo Tindemans' government was attacked by many MPs for misreading the situation in Kolwezi, for "its innumerable indiscretions" to the Press and radio that let the Shaba rebels know about the rescue bid well before Belgian or French troops arrived in Kolwezi, and for its general failure to protect its expatriates.

But the Socialist president, M. Andre Cools, who leads the second biggest coalition party, made clear his party's total distaste for any military involvement in Africa. "Belgian youth must not become the spearhead of an African Vietnam," he said.

A prominent member of his party, M. Henry Simonet, the Foreign Minister, was yesterday the object of a sharp personal attack by President Mobutu, who has ordered his diplomats to boycott him.

The Zaire Government has alleged that M. Simonet's public consideration of contacts with the Congolese National Liberation Front (GNLC) was tantamount to recognising the rebels, and that the Foreign Minister had refused for 21 vital hours to pass on to his fellow ministers a Zaire request for help.

This diplomatic boycott puts in question the June 13-14 meeting, to have been chaired jointly by the Belgian and Zairian foreign ministers, to discuss an international aid package for the Zaire economy.

"Belgians must understand that their Government has not the means to support its citizens abroad, which the big powers have," Mr. Cools went on. This line was echoed by M. Tindemans yesterday when he made it clear to parliament that, unlike France, Belgium had been totally dependent on the U.S. to airfreight fuel to Shaba Province for the Belgian troops there, and he implicitly put much blame for the delay on President Carter's failure to agree to the use of U.S. aircraft until early last Friday morning.

The general feeling here seems to be that President Mobutu's threat yesterday to break off diplomatic relations, because of his personal quarrel with Mr. Simonet, and also to replace Belgians working in Zaire with French, is not a challenge which Belgium can afford to take up.

There are still 500 Belgian troops in the Shaba base of Kamina and some 25,000 Belgian civilians elsewhere in Zaire. The breaking off of diplomatic ties would make their position even more difficult.

As some 600 more Belgian troops started arriving back in Brussels tonight, the politicians are beginning to ask questions about future protection for Belgians in Zaire.

The leader of the opposition Flemish Liberal Party, Mr. Willy DeClercq, demanded in parliament today that "our co-operation with Zaire must be re-defined with well-established guarantees—that is not too much to ask of a country in which 25,000 Belgians still work."

Some mining circles in Brussels consider that a permanent police force in Shaba will be essential if Europeans are to return to work there. If Belgium is patently unwilling to provide any military safety-net for these expatriates, they see some merit in the pan-African security force which the summit meeting of French - speaking African countries in Paris is understood to be considering this week.

It is being suggested here that any Belgians who are returning to Shaba in the near future will probably do so without their families, and they might only commute from other parts of Africa to dangerously unstable areas, like Kolwezi.

Belgian-Zairian relations have see-sawed up and down since Zaire's bloody independence struggle in 1960. Belgian officials hope they can ride out the latest blast from President Mobutu against Mr. Simonet, as Belgian governments have managed to do in the past.

The economic ties between the two countries are still considerable, consisting of an estimated £500m of investment that was confiscated by the Zairian Government but which has recently been handed back to Belgian owners; considerable commercial ties, particularly involving Société Générale de Belgique, Belgium's largest holding company; and a considerable flow of raw materials to Belgian industry.

In 1977, 340,000 tonnes, out of a total of 585,000 tonnes, of copper imported by Belgium came from Zaire. Four thousand tonnes out of 5,300 tonnes of tin imported by Belgium also came from Zaire.

Foreign Minister Henri Simonet: under attack from Zaire.

Decision on Congress unity sought

By K. K. Sharma

NEW DELHI, May 23.

THE CHANCES of a single Congress party re-emerging in India have increased with a call from five senior leaders of the official Congress party for a decision on the unity question by the Congress National Committee as it existed before Congress split in January.

The call is being seen as the death knell of the official Congress, the party which remained after Mrs. Indira Gandhi, the former Prime Minister, formed her breakaway Congress (I)—the "I" standing for Indira.

Mrs. Gandhi's group has steadily gained strength, and now forms governments by itself in the two southern states of Andhra and Karnataka, and a coalition with the official Congress in Maharashtra with Mr. Vasantdada Patil of the official Congress as Chief Minister. Mr. Patil is one of the five leaders who now wants a decision on the unity issue.

The five include such political heavyweights as Mr. Sidharta Shankar Ray, former Chief Minister of West Bengal, and Mr. Mohanlal Sukhadia, former Chief Minister of Rajasthan.

WORLD TRADE NEWS

Bonn urges UK to join European air industry

BY ADRIAN DICKS — BONN, May 23.

WEST GERMANY strongly urged Britain today to join the new generation of European civil airliner projects and warned it against the rival co-operation offer made by Boeing, of the U.S., for the sake of supposed short-term employment advantages.

That was the message delivered today to Mr. Eric Varley, Secretary of State for Industry, and Mr. Edmund Dell, Secretary of State for Trade, by Herr Martin Gruener, the West German State Secretary in charge of the civil aerospace industry. The British Ministers talked with Herr Gruener for two hours before flying to Paris for parallel discussions with the French Government.

There were signs of disappointment on the German side after the talks were over, however, that the British Ministers had discussed the relative merits of the Boeing proposal and the European invitation mainly in terms of the number of jobs each would offer in the short run, while laying less emphasis than Bonn had hoped on longer-range strategic goals.

Herr Gruener is understood to have argued strongly that by accepting the Boeing offer of co-operation on production of the planned 757 project, Britain would be resigning itself to sub-contractor status. He said there could be no guarantee against Boeing's changing the terms of business in future developments nor against its choosing another engine supplier in preference to Rolls-Royce.

By contrast, the British Government would be a full partner in the European consortium, with equal weight in strategic decisions.

Herr Gruener is said to have made clear that West Germany wants a commitment by Whitehall not just to the second stage of the European Airbus programme, involving development of the scaled-down B10 version, but to the broad principle of a joint European aerospace industry. That would mean British participation in the B10 Airbus and in the two proposed Joint European Transport (JET) narrow-bodied airliners being studied for the 1980s.

Bonn's insistence that the three projects are part of the same package reflects the growing confidence of the manufacturers grouped in Airbus Industrie that the recent sales successes of the present Airbus models can be followed up with a "family" of airliners that the Europeans can market together, in close parallel to the new range Boeing has on its drawing boards.

In contrast to some recent statements from the industry, however, it was understood that Herr Gruener did not lay down any hard deadline for a British decision. He did reiterate the Europeans' view that if Britain does not join them, work will be easily reapportioned. About 30 per cent in value of the B10 is earmarked for British Aerospace. Executives of Airbus Industrie are also categorical in saying that such a redivision of the work would not delay the project.

Airbus plea to Spain

BY ROBERT GRAHAM — MADRID, May 23.

FRANCE IS putting strong pressure on the Spanish Government to commit itself firmly to buying the European Airbus A300. But Spain is hesitant, finding itself in a similar dilemma, although on a smaller scale, to that of the British Government over the Airbus.

No decision is expected in the near future although the matter was raised by the French Commerce Minister, Jean Francois Deniau, yesterday and Alitalia today indicated strong interest in the aircraft.

Spain's dilemma that it belongs to the Airbus Industrie consortium but the two main purchasers of aircraft, the national carrier Iberia and its affiliate, Aviaco, have shown no preference for the A300.

Spain joined Airbus Industrie in 1971 with an initial 2 per cent stake, later raised to 4.2 per cent, and the state-controlled aircraft company, CASA is making the A300 fin and front doors. There was talk of Spain's purchasing some 30 Airbuses with Iberia taking an initial option on four. That was cancelled in 1974

Iberia is still not interested in the present A300 and would only consider its derivative, the B-10. However, officials indicate that unless a political choice is imposed, American manufacturers are offering a more attractive and suitable package. The Spanish also say the French have yet to offer the type of attractive credit package that went with the recent Eastern Airlines deal.

Agains that, Spain is anxious to appear a good European, and it seems the French are subtly presenting the Airbus issue as a test of Spain's European intentions. Moreover there are threats, according to Spanish officials, that if Spain does not buy the Airbus, CASA's share in the work will be reduced to 2 per cent or perhaps cancelled altogether.

AP-DJ adds from Rome: Sig. Umberto Nordio, President and Managing Director of Alitalia, said: "At least a certain number of Airbuses" would be purchased by the airline: between six and 12. Management would decide this summer the exact "mix" of Airbuses and American Boeing and McDonnell Douglas aircraft to replace some of Alitalia's older types.

W. Germans warned over Comecon

By Leslie Colitt — BERLIN, May 23.

WEST GERMANY'S economics Minister, Count Otto Lambsdorff, has cautioned German industry against concluding "especially large long-term compensation projects with the Soviet Union which could overload the German market and endanger jobs."

His remarks came in an address to the Federation of German Industry (BDI) which is holding its annual meeting in West Berlin.

The Economics Minister said it was essential that the exporters of plant to the East as well as the Federal Government and the industrial sectors affected by the Eastern imports insist on "more flexibility by the Soviet negotiating partner."

He believed that after holding talks with Soviet and Polish Economics Ministers, the Easterners now understood the problem better.

Medium size West German companies are the most seriously hurt by compensation, he said, noting that the West German Government will devote "great attention" to this question in its dealings with state trading countries.

Count Lambsdorff said that paying for goods with goods could only be a last resort in modern trade but it was understandable that the Comecon countries used compensation to equalise temporary balance of trade problems.

He believed that discussion over Comecon indebtedness to the West would become "much less virulent" since they began cutting back on imports from the West

The West German Minister welcomed next week's trip to Moscow by the Vice-President of the European Community, Herr Wilhelm Haferkamp, to hold talks there for the first time with Comecon. He called this a sign of a more "realistic attitude by the state trading countries towards European integration."

On the subject of West Germany's role in stimulating other European economies, the Economics Minister told the German industrialists here that his Government is not considering "economic pump priming or programmes" to be introduced before the July economic summit meeting in Bonn.

U.S. steel producers demand stricter trigger price system

BY JOHN WYLES — NEW YORK, May 23.

U.S. STEEL industry leaders today declared that they are unhappy with the U.S. Government trigger price mechanism designed to protect the domestic industry against dumping by foreign manufacturers.

Mr. George Stinson, chairman of the National Steel Corporation, said the industry is seeking "prompt revision" to eliminate "serious flaws" in the system. He said U.S. steel companies would urge Congress to reject any new General Agreement on Tariffs and Trade (GATT) arrangements that do not include "a meaningful international steel agreement."

Mr. Stinson delivered those major policy statements at a briefing before the American Iron and Steel Institute's annual meeting, which starts here tomorrow. They indicate that steel companies have decided to launch a public offensive to consolidate and build on gains achieved by the introduction of the system.

In essence, the trigger mechanism introduced on February 15 is thought likely to reduce by up to a quarter the overall tonnage of foreign imports, increase the likelihood that the industry will be able to hold its 6 per cent price rise, introduced last month, and raise U.S. companies' profits sharply.

None of those points were made by Mr. Stinson today when he introduced a new study sponsored by the institute on "the economic implications of foreign steel dumping in the U.S. market" carried out by the consultants Putnam, Hayes and Bartlett. The study concludes that because of copious foreign steel dumping in 1976 and 1977, the U.S. steel industry lost $4.1bn in income.

Mr. Stinson said the trigger price system was "a step in the right direction" but argued that it had serious drawbacks.

Under existing arrangements the U.S. Treasury sets minimum prices below which foreign manufacturers can trigger an anti-dumping investigation. However, Mr. Stinson said that by setting prices on a calculation of the lowest cost supplier, the Government was enabling less efficient supplying countries to continue dumping steel.

He added that trigger price calculations were based on a higher-than-actual capacity utilisation by Japanese producers, with the result that trigger prices are lower than they should be. Finally, he said the current formula fails adequately to allow for the cost of producing the richer product mix shipped to the U.S. by Japanese producers.

For the longer term, Mr. Stinson called for stronger U.S. trade laws and said any weakening as a result of the Tokyo Round of trade negotiations would be opposed by the industry. Thus a discussion forum in the Organisation for Economic Co-operation and Development for overseeeing steel guidelines was not an acceptable alternative to "fair international ground rules" and if that was the final outcome of the Tokyo Round, then "we will have no choice but to oppose congressional ratification of those results."

Japan car imports rise

BY YOKO SHIBATA — TOKYO, May 23.

JAPANESE sales of imported cars have picked up in recent months, showing record sales in March of 4,946 vehicles, up 6.3 per cent over a year earlier.

In April they rose sharply by 25 per cent to 4,257 vehicles on the year-ago's level, according to new car registration figures disclosed by the Japan Automobile Sales Association.

The share of European cars in total sales of imported-cars was 62 per cent in 1975, 63.9 per cent in 1976 and 64.7 per cent in 1977. American cars accounted for virtually all the rest.

Toolmakers in product liability row

By Kenneth Gooding, Industrial Correspondent

CAPITAL GOODS should be excluded from the product liability legislation currently being considered by the EEC, West European machine tool manufacturers claim.

There has been a failure to appreciate the way costs will be sharply increased by the introduction of "strict liability" to the legislation, they say.

"Strict liability" means that a producer of goods will be liable for injury caused by a defect in the product, even if all reasonable care was taken to avoid the defect and even if the defect could not have been avoided because the necessary technology was not developed at the time of its production.

The 13-nation European Committee for Cooperation of the Machine Tool Industries (CECIMO) has been alerted to the possible problems which could arise from current EEC draft proposals by the UK Machine Tool Trades Association.

All the manufacturers are to put pressure on their own governments pointing out that "strict liability" would push up costs because insurance premiums would rise substantially and companies would have to keep very accurate records of the source of every bought-in component—a very expensive process.

U.S. EXIMBANK

Bid for a higher credit rating

BY JOHN WYLES IN NEW YORK

THE EXPORT-IMPORT bank of the U.S. has run into criticism and political controversy during the past few weeks. After more than 40 years of quiet endeavour providing loans, guarantees and insurance for the nation's exporters, it has found public attention focusing on its role and the adequacy of its performance.

The bank has been brought under the spotlight by the investigations which precede the decision that Congress has to take every five years on whether to renew its charter. It will undoubtedly be renewed later in the summer, and with it the bank's overall commitment authority will be raised from $25bn to $40bn.

By then the bank will have had its fill of complaints. The American Federation of Labour—Congress of Industrial Organisations—say the bank is too ready to finance projects, such as steel mills, which ultimately take away American jobs by capturing U.S. markets. Another school of thought has it that the bank is not vigorous enough in matching the generosity of other export credit agencies, particularly the French and Japanese.

Then the bank's legislative mandate requires it to take human rights into account in making its authorisations and an attack from the human rights lobby could yet result in restrictions on its powers to finance exports to South Africa.

Many of the charges levelled against the bank come from exporters, often via their Congressmen, who believe they have lost an overseas contract because they were out-gunned by a rival country's export credit agency.

This is one of the major concerns of Mr. John Moore, a 48-year-old Atlanta lawyer, who was appointed the bank's chairman by President Carter a year ago. His brief was, and is, to make the bank a greater force in the U.S. exporting effort than it had been under his predecessor, Stephen du Brul, whose desire to build up its capital base at the same time slimmed down its financing contribution from a traditional 10 per cent of dollar exports to 7 per cent.

In a world where trade recession has brought cut-throat competition to foreign sales, the U.S Ex-imbank under Mr. Moore resembles a cleric who finds sinning distasteful but occasionally unavoidable. Its legislative mandate requires it to seek international agreements which reduce subsidised export financing, on the other hand it is also required to be competitive with other more flexible national agencies that will shave interest rates and often find ways to finance 100 per cent of an overseas deal.

In an interview in his Washington office last week Mr. Moore made it clear that under his leadership the bank is being more aggressive in its financing with the result that, as he more diplomatically informed a Congressional committee in March, it "must sometimes selectively adjust its customary market-related financing terms to maintain the competitiveness of U.S. exports."

But Mr. Moore and his colleagues are worried about the conduct of others, and not only France and Japan, and speculate that the U.S. might be forced by domestic pressures to adopt measures which it presently finds distasteful. One of these, the mixing of credits with foreign aid, a practice which the U.S. sought but failed to eliminate during the latest international negotiations on the consensus (gentlemen's agreement) on export credits.

It is not prepared either to finance the locally incurred costs of a contract. Tempers became very short at the bank when it emerged recently that Britain's Export Credits Guarantee repartment had helped Rolls-Royce land the contract to supply engines for Lockheed Aircraft being purchased by Pan Am by guaranteeing private financing for the U.S. manufactured airframes.

Mr. Moore is seeking much greater disclosure of information by national agencies on these kinds of deals and also on the extent of inflation insurance which is being provided by Governments on some contracts. More information, he says, would often help soothe outraged U.S. companies that have failed to land a deal and would also help produce a reasoned judgment on which tack the bank should be taking. "The attitude of the Administration and the Congress is sufficiently supportive that we could, if we chose, come up with a programme equivalent to any offered abroad," he says.

Ex-imbank officials feel it is not too alarmist to talk of an imminent exports credits war and are loath to see the U.S involved. For one thing the bank's self-supporting role might be at stake and the need for annual Congressional appropriation would make it much more politically sensitive. At present, all of its funds are raised from the U.S. Treasury at prevailing market rates, and the bank has to make sufficient annual return to cover operating costs and add to its reserves.

Mr. Moore acknowledges that there are times when this restraint means that it cannot be truly competitive with other agencies, but believes that it is better for the trading world as a whole if the bank continues to suffer its present restraints than for the shackles to be removed and the U.S.'s full economic power to be concentrated on an export credits war.

Poor outlook for wool textiles

BY RHYS DAVID

BRITAIN'S WOOL textile industry is expecting a much tougher time this year in home and export markets as a result of the continued recession in world trade.

But the industry, for which last year was the most successful for exports, with sales abroad of £390m, says it is still faring much better than competitors in other EEC countries, and order books for the immediate period ahead are said to be reasonable.

Output of woven fabric by the industry in the first three months of this year, according to figures published yesterday by the Bradford-based Wool Textile Delegation, was down 7 per cent compared with the same period last year. In worsted yarns there was a drop of 10 per cent, and in woollen yarns of 4 per cent.

For the year as a whole the industry is expecting exports to fall short of last year's figure, although possibly not by much. The Middle East and the United States are expecting to remain fairly strong buyers of worsteds and woollen, respectively, and some recovery in sales to the Far East is also hoped for.

Exports in the first three months, at £97m, were 3 per cent down in value on the same period last year. In volume, cloth exports were down by 3 per cent, yarns by 15 per cent and tops combed wool) by 21 per cent.

In the home market, the industry continues to be concerned at the penetration by imports of woollen cloth from the Prato district of Italy, but a new obstacle is now being encountered in growing imports from Argentina.

The industry says the Argentinians have already reached the level under the recent GATT multi-fibre arrangement (MFA) at which quota restrictions should be applied.

Investment seminar

By John Wicks — ZURICH, May 23.

An "Invest in Britain" seminar, at which one of the speakers will be Mr. Alan Williams, Minister of State at the Department of Industry, is being held in Basle tomorrow.

The seminar forms part of the Inter-Idex exhibition for industrial location, at which the Department of Industry will be exhibiting.

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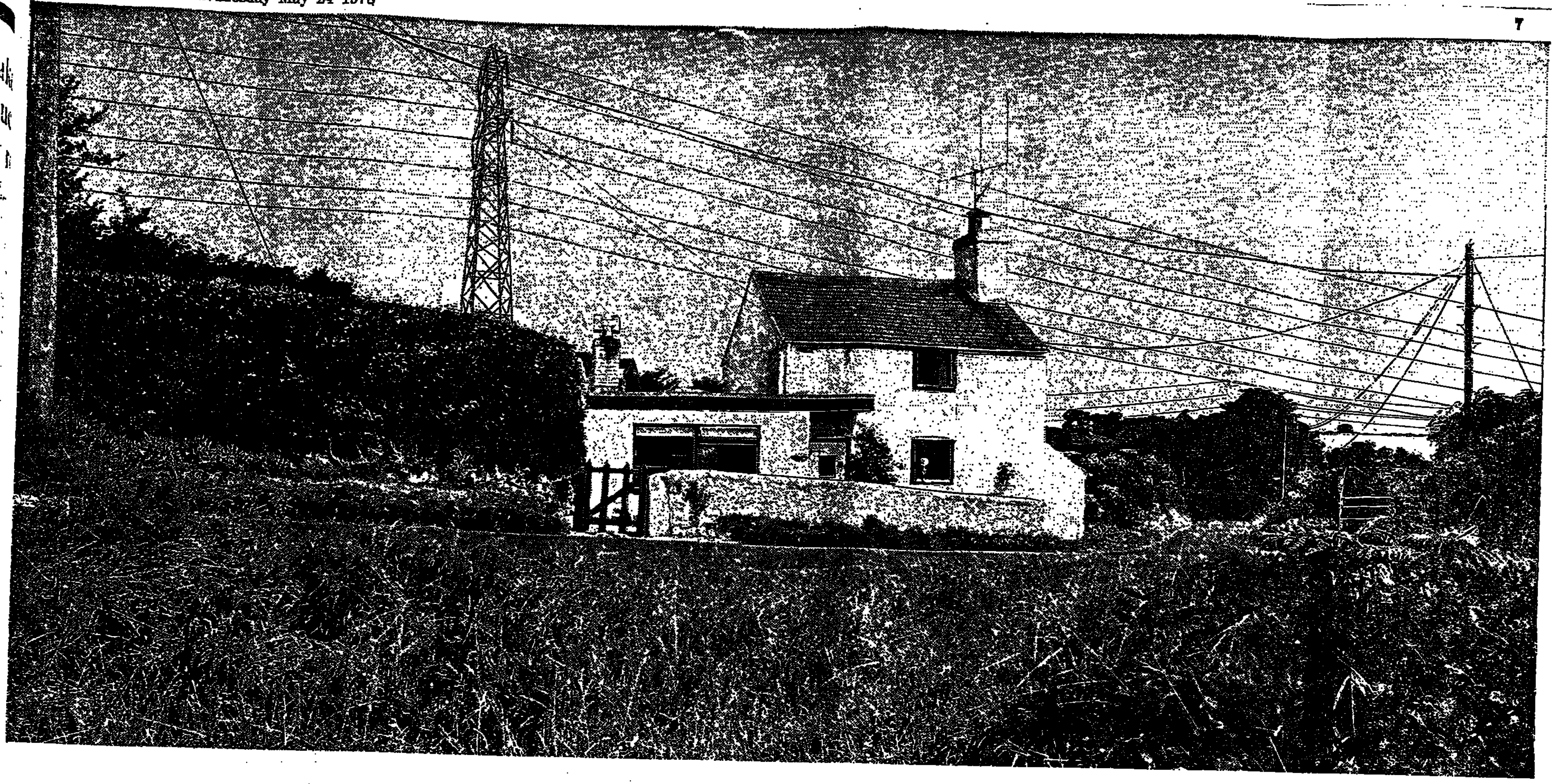


BICC-people who make things work in the home

Geoff Johnson is an ambassador for BICC. As Export Manager for BICC Components, he has flown all over the world, exploring new markets for the company's electrical components.

When it comes to relaxation however, Geoff likes to leave the world of high flying behind him — to drop down to sea level in fact, and to go back to the days when great sailing ships ruled the waves. Geoff surrounds himself with reminders of those unhurried days — like this model of an 1890 Gaff Cutter which he built himself in the quiet and comfort of his own home. Because Geoff spends so much time abroad, he places great value on his at-home hours, and he is also gratified that the team of which he is a part — that enormous team of 54,000 BICC people worldwide — has contributed to the technology which helps to make these at-home hours more comfortable, not only for him, but for all of us.

Geoff knows that those same components which he is introducing to foreign markets, are also helping, by jointing, terminating, supporting and connecting the cables which channel electric power safely into, and around, our homes.

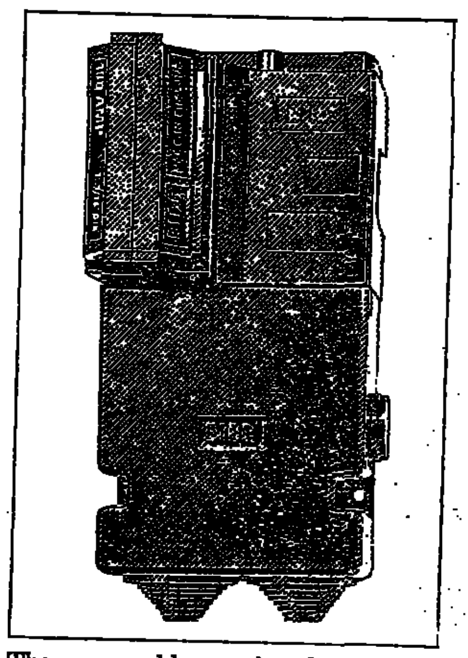
He is proud to be part of a team — helping to make things work.

BICC technology finds itself called on to help in so many ways that it's almost certainly there in every British home. The cables that bring electrical energy into your home, the flexible leads that tap the power for all your electrical appliances, lighting and gadgets; special cables that keep control of cookers; the telephone lines that link your own home to every town, country and continent; your window on the world with television . . . in all these areas you'll find BICC people have had a helping hand.

BICC telephone cables relay messages throughout the world — accounting for a major part of the telephone distribution system in the UK and many other countries.

Geoff Johnson "global ambassador"

The BICC Group is diverse; one of the world's foremost cable manufacturers and designers; but also deeply involved in the refining and fabrication of metals; heavily committed to research and development in new communications technology, with a major stake in civil engineering and contracting through Balfour Beatty, a BICC company; possessed of hard-won skills in tunnel design and construction, and railway electrification; with specialist expertise in industrial plastics, electrical accessories, capacitors, printing plates . . .



The power cable carrying electricity into the home is terminated by the electricity board in this BICC fuse unit which protects the incoming cable from overloading of the ring mains.

BICC special cables built into modern cookers have brought the ease and convenience of the automatic age into the kitchen.

One thing makes it all work. One thing makes BICC a stable, successful, growing company that competes successfully in so many different markets.

The quality of its people. Highly—trained people committed to getting things done — better than before — for the benefit of all of us.

This booklet tells something of the range of skills of BICC and its people, something of their achievement, and indicates a great deal about their promise for the future.

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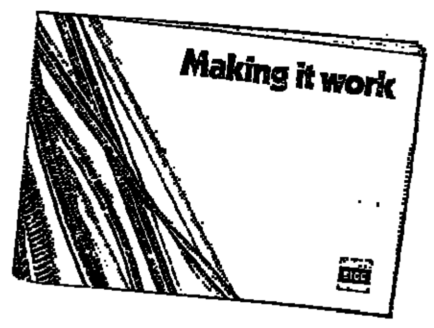


BICC

Makes it work

HOME NEWS

IPC price rise plans frozen by Commission

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

THE PRICE COMMISSION recommended yesterday that the prices of some of IPC's leading magazines should be frozen until the end of July. It also made it clear that it would look closely at future price rises submitted by the company to see if wage productivity deals agreed with the unions had indeed been self-financing.

The recommendations, which were included in a report on the company published yesterday, were sharply criticised by IPC Magazines.

The company, which is owned by Reed International, said it objected to the general tone and balance of the report and that it disagreed strongly with the way the commission had interpreted some of the facts.

A better understanding of the publishing industry might, it suggested, have avoided some of the "misleading conclusions and led to a report of greater impartiality."

The company had wanted to raise the cover prices of some of its magazines on April 1. The plan was to add a penny to the prices of some of the weeklies, such as Woman's Own and Woman and 5p to the prices of monthly magazines like Homes and Gardens and Ideal Home.

In February, however, the commission said it wanted to examine the notification in more depth. Unusually, it refused IPC permission for an interim price rise while the investigation was carried out so the price rises have already been delayed by more than a month.

The commission has recommended that the company's prices should be restricted until July 31. It seems to have objected to IPC's notification on two principal grounds.

First, it concluded that the proposed price increases were greater than the actual movement in costs. Most of these additional costs will have been incurred by the end of July, when the company will be free to raise its prices.

Second, and more fundamentally, it appears to have objected to the way IPC Magazines was being required to support other parts of the Reed group.

In much the same way as it raised the issue of cross-subsidisation in its report on ICI's soda ash business, the commission queried the way IPC Magazines was being used as a source of funds for investment in the group's printing companies, notably Odhams, which has been losing money since 1970 and acts as a major printer for IPC Magazines.

Reed is planning to invest in modernising Odhams and IPC Magazines argued that one of the reasons it needed a cover price increase was to provide a sufficient return on capital employed to reward its investors and to provide money for investment.

The commission took issue with the way IPC presented the figures and concluded that even without a price increase the level of cash would allow for the proposed investment to go ahead, although it conceded that some other disbursements might then have to be reduced.

It said that it would look for evidence of the progress of this investment when IPC next wanted to raise its prices.

The commission said that it recognised that within a group of companies such as that controlled by Reed, one part might on occasion, need to support another.

Nevertheless, where the supporting company has a dominant share in the market, as IPC Magazines has in women's magazines, "there must be a limit to this practice both in terms of the amount of finance provided and in terms of the period over which support is given."

The report also took the commission further into the field of industrial relations than previous inquiries.

Referring to some of the productivity deals agreed by IPC with the unions the commission said that, some of these consisted of "little more than promises to continue work in accordance with existing arrangements."

IPC did not include the cost of these productivity deals in its reasons for putting up its prices in April but the commission made it clear that it would examine these deals if the company applied for further increases.

● NEWS ANALYSIS — ALBRIGHT & WILSON

Tenneco seeks its salvage work reward

BY KEVIN DONE, CHEMICALS CORRESPONDENT

TENNECO has made its move for outright control of Albright and Wilson whe nthe British company's prospects appear at their brightest for many years.

Albright and Wilson is one of the world's leading phosphorus chemical companies and is the UK's second largest chemical company after ICI.

After the traumas of recent years, in which it was crippled by heavy investments in untried technology, Albright and Wilson has regained its confidence.

It has embarked on a major investment programme and has started to penetrate important overseas markets.

Tenneco's involvement in Albright and Wilson began in the late 1960s, when A and W was trying to locate its major production base for elemental phosphorous in Newfoundland.

The move was based on the access the company would have to cheap long-term supplies of power from the island authorities. Ten years later, the strategy is beginning to pay handsome dividends.

But at the time it severely overstretched the company's financial resources and, for several years, ruled out any substantial investment in the company's other business areas.

The plan was to locate two phosphorus furnaces on Newfoundland with a joint capacity of 75,000 tonnes a year.

Phosphorus had never previously been manufactured on this scale and the project quickly dragged A and W into technological and environmental problems on such a scale that the whole company's future was threatened.

Open market

It was rescued by the intervention of Tenneco, which acquired 10 per cent. of A and W's ordinary stock in 1969 through purchases on the open market.

Tenneco then stepped in with a loan of £17.5m in 1971, in the form of convertible loan stock.

It exercised its major conversion rights in December, 1974, acquiring a total of 49.S per cent of A and W's ordinary stock.

Ever since Albright and Wilson has operated in the knowledge that Tenneco still had another 0.7 per cent of loan stock it could convert at any time to gain full control.

Albright is the only UK company producing phosphorus. It is also the largest UK-based company involved in the delicate world of flavours and fragrances for foods and perfumes through its important subsidiary, Bush Boake Allen.

After going through years of mounting and apparently intractable problems, Mr. David Livingstone, Albright's managing director, was happy to announce recently that the company was no longer involved in any seriously distressed areas of business—a rare boast when large sectors of the chemical industry, particularly petrochemicals, are suffering badly from falling prices and severe overcapacity.

With the improved performance of the furnaces at Long Harbour, Newfoundland, no significant parts of the Albright business are now operating at a loss.

By contrast with the gloomy faces of petrochemical producers, Albright has recently been looking to the future with optimism because many of its markets—particularly pulp and paper chemicals, flavours and fragrances and fine and pharmaceutical chemicals — are still growing fast.

Based on the confidence that the problems of phosphorus technology are only a part of the company history Albright has boosted its capital expenditure by 65 per cent this year to £40m. Some £19.5m is being spent on new phosphoric acid capacity at Whitehaven and £17m is going to increase production at Widnes and Oldbury to secure the company's place as a major supplier of detergents, shampoos and toiletrics, fertilisers, and food additives.

Tenneco's bid fits into an acquisition pattern which this diversified conglomerate has established in recent years.

While hungrier than most U.S. corporations for growth via acquisition, Tenneco has in several cases first purchased a less than controlling stake in a company before going on to take full ownership.

The Texas company had no explanation to offer yesterday for its decision to bid for the balance of Albright and Wilson beyond, "Albright and Wilson is a chemical company and so are we, so the fit appears to be perfect."

Chemicals accounted for around 16 per cent of Tenneco's $7.734bn sales in 1977 and improving its position in Europe has been a constant goal for the last four years. The company created Tenneco Chemicals Europe in June, 1974, as a subsidiary of Tenneco Chemicals with operations which were then producing revenues of more than $50m a year.

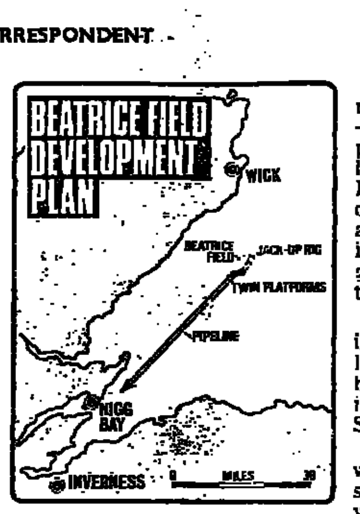
In its annual report for last year, Tenneco stressed te excellent performance of Albright and Wilson and drew attention to the succesful inroducion of the company's second phosphorus furnace in Newfoundland and the record sales and profits of the UK company's flavours and fragrancies business.

In the last ten years, Tenneco has boosted its assets from $3bn to more than $Sbn through development and growth in oil and natural gas production, ownership and operation of natural gas pipelines construction and farm equipment manufacturing, automotive parts manufacturing, chemicals, shipbuilding and packaging.

Although I failed to pull off the purchase of Aanaconda, the mining company, two years ago it went on to win a battle with the federal trade commission over its purchase of Monroe Auto Equipment and then to spend about $65m buying a 40 per cent stake in Poclain SA.

Mesa puts forward revised plan for Beatrice Field

BY RAY DAFTER, ENERGY CORRESPONDENT



MESA PETROLEUM oil exploration group has returned to the Government with a new development plan for its inshore Beatrice Field. The scheme, which could be sanctioned within the next two months, is likely to cost Mesa and its partners more than £325m.

The project represents a second attempt by Mesa to gain official acceptance for the exploitation of Beatrice, the first North Sea field to be discovered close to the mainland.

In November the Department of Energy rejected a plan involving the offshore loading of crude oil following protests by Scottish fishermen, environmentalists and local councillors.

They were worried about the possibility of pollution arising from a mishap during offshore loading on the field, just 12 miles from land.

The new plan, costing more than £50m extra, replaces an offshore loading system with a 47-mile pipeline to a new oil terminal in the Cromarty Firth area.

It is expected that the oil will be carried at a peak rate of 85,000 barrels a day to a £50m. terminal and tank farm planned by Highland Fabricators, the platform builders, and Cromarty Firth Port Authority at Nigg Bay Highland Fabricators' parents —Brown and Root and George Wimpey — and the ports authority last week applied to the Highland Regional Council for outline planning permission for the terminal, which could store 1.5m to 2m barrels of oil.

It could provide work for more than 40 operators and ancilliary staff and would be built to the north of the Nigg Bay platform yard with pipeline road links to a new marine terminal.

Mesa could either lease the proposed facilities or enter into a partnership with HiFab and the Cromarty Firth port undertaking.

However, Mesa has emphasised that its oil may not necessarily be transported to the planned terminal.

Options being considered include a deal with Cromarty Petroleum, which is planning a storage and refinery complex at nearby Nigg Point, and a link with the pipeline facilities between British Petroleum's Forties Field and the Grangemouth refinery.

The development plan submitted by Mesa and its partners —they include the P & O shipping group, Kerr McGee, Creslenn, Hunt Oil and Exploration Holdings—could provide the UK offshore supplies industry with an important ordering boost. It is understood that the operating group plans to order most of the equipment in Britain.

However, the UK oil platform industry will be disappointed to learn that at least one of the basic production structures, costing about £2.5m, will be built in Spain.

Mesa has apparently convinced the Government's Offshore Supplies Office that no UK yard could match the tender submitted by the Spanish yard.

Mesa is planningto exploit the 150m-200m barrels of recoverable reserves in Beatrice through three production units.

Two of these, including the structure which may be ordered from Spain, will be positioned near the centre of the field. Production facilities will be installed on one of the platforms with drilling and accommodation units placed on the other.

A satellite production unit would be sited some four miles to the north-east of the twin platforms.

Mesa is thought to be planning to use a jack-up rig for this satellite production unit, although at this stage it has not been decided whether it will order a new rig or convert a unit that is currently engaged in exploration work.

Chevron rig finds oil off Shetlands

By Our Energy Correspondent

THE CHEVRON group has found oil on a newly-acquired North Sea licence 80-miles east of the Shetland Islands.

The Norjarl exploration rig has tested oil flows in block 2/10 where Siebens, the previous licence operator, found a "highly encouraging" oil structure in 1975.

Chevron, which with British National Oil Corporation has acquired a major stake in the block, is now evaluating the test results. An announcement is expected later this week.

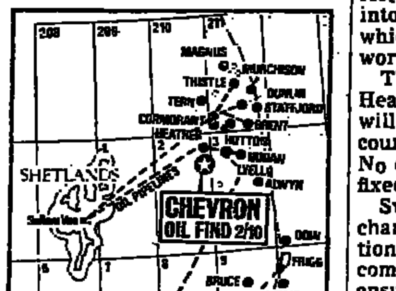
However, it is understood that the oil found under this latest exploration programme is of higher quality than the crude discovered in the past.

In April, Chevron and BNOC made a deal with the Siebens group which resulted in a change of licence ownership and operator.

The licence was previously held by Siebens (95 per cent) and Westburne Drilling and Exploration. Because of the change Chevron has gained a 42.5 per cent interest, BNOC a 15 per cent stake and Siebens and Westburne 40.375 per cent and 2.125 per cent respectively.

In exchange, Chevron agreed to pay for this latest exploration well and to meet BNOC's share of exploration costs.

However, if a commercial discovery is made BNOC will have to pay its share of past and future costs if it wishes to remain an equity partner.



Siebens shares yesterday rose 30p to 424p in anticipation of an announcement by Chevron. They later closed at 406p.

After making the "highly encouraging" discovery in 1975 (mechanical difficulties prevented the group from fully testing the oil structure), Siebens drilled two more wells. The first of these was dry while the second sunk in 1976, found only non-commercial pockets of oil and gas.

Fisons attacks gas supply contract

BY KEVIN DONE, CHEMICALS CORRESPONDENT

THE fertiliser market is still being distorted artificially by Imperial Chemical Industries' controversial long-term contract for supply of low-cost natural gas.

Fisons, ICI's major competitor in fertilisers, said yesterday that the distortions were reducing short-term profits and deterring investment.

The gas pricing controversy was rekindled by Sir George Burton, Fisons' chairman, at the company's annual meeting.

The pricing of feedstock gas for UK ammonia production continues to create artificial price distortions between producers, he said. Ammonia is the main feedstock for manufacture of nitrogen fertilisers.

ICI's 15-year contract with British Gas, for the supply of 900m therms of gas a year, was signed in 1969 at an initial price of 1.6p per therm.

The contract price was changed only slightly after the fourfold OPEC oil price rise, which left ICI with an unrivalled source of cheap natural gas for its ammonia manufacture.

After months of discussions, the ICI contract was renegotiated late last year, leading to a further increase in the price it paid for gas, but industry reports suggest the present price is still only about 5p per therm.

Any competitors wishing to build an ammonia plant in the U.K. would have to pay a far higher gas price. Meanwhile, ICI's fertiliser competitors have to buy ammonia at the world price.

The industry's profitability has improved in recent months after a series of six-monthly increases in fertiliser prices. But Fisons warned yesterday that the industry faces trouble if market distortion is not reduced.

Before the contract renegotiation, several manufacturers suffered losses and one was forced out of business.

Sir George told shareholders yesterday that trading results so far this year "are a little more encouraging than at this time in 1977."

This was in spite of bad spring weather and the lack of a recovery in world trade. Last year the company made pre-tax profits of £21.4m on a turnover of £293m.

Less than two years' work in shipyards

By Lynton McLain, Industrial Staff

THERE IS now less than two years' work left in the world's shipyards, according to the latest returns from Lloyd's Register of Shipping. More than half the ships now under construction are due to leave the yards by the end of this year.

The returns show that world shipbuilding orders at the end of the first quarter were the lowest since June 1966, when they fell to 30.5m tons gross.

They show new orders at 33.4m tons gross, which compares with a record 133.4m tons gross in March 1974, since when orders have declined steadily.

Japan leads the world with more than a quarter of new tonnage ordered, but even Japan's total fell 1.3m tons compared with the previous quarter, to 8.5m tons gross.

The U.S. has the second largest tonnage of new orders, with 3.3m tons gross.

Only Brazil and Sweden, which come third and fourth in the world league, have increased their total orders for new vessels.

Brazil has 2.9m tons gross, but almost 75 per cent of these orders are either not in the yards or are still on the drawing board.

Sweden has 2.2m gross tons on order, a rise of 58,900 tons gross on the previous quarter. More than half the total is now under construction.

Duckhams oil plant expands

A £3M EXTENSION to Duckhams oil blending plant and distribution centre at Aldridge, near Wolverhampton, was opened yesterday by Lord Aylesford, Lord Lieutenant of the county of the West Midlands. It has been built on a site adjoining the existing plant, opened ten years ago.

Faulty tanker owners and flag states 'should pay for pollution'

BY PAUL TAYLOR, INDUSTRIAL STAFF

A REPORT on tanker safety published today suggests that oil companies using sub-standard ships should share responsibility for accidents with the countries where the vessels are registered.

The annual report of Advisory Committee on Pollution of the Sea is highly critical of the Government, which it says should set up a special contingency compensation fund to help pollution victims.

In his first report as chairman of the committee, Lord Ritchie-Calder warns that tanker accidents, like that involving Amoco Cadiz, will continue to happen "until major improvements are made in existing law, and until the law is properly enforced."

Lord Ritchie-Calder accuses the Government of opting for anti-pollution measures "cheaper but less effective" than those of other nations.

He praises international bodies, such as the Inter-Governmental Marine Consultative Organisation, for their work on safety standards and pollution control, but says the UK Government departments are "complacent" in the face of increasing pollution incidents in British waters.

The Government should appoint a Minister responsible for coordinating maritime issues, and more funds should be made available for hydrographic work mapping Britain's continental shelf and the designated shipping lanes.

The report, prepared in the wake of the Amoco Cadiz disaster but before the Eleni V incident, reveals a "marked increase" in the number of pollution incidents in the UK for the second year running.

Oil spill inquiry hitch

BY OUR INDUSTRIAL STAFF

THE AMOCO CADIZ inquiry may be delayed unless the French authorities agreed to release Captain Pasquale Bardari, the vessel's master, to give evidence next month.

Preliminary hearings of the Liberian Board of Inquiry, being held in London, ended yesterday without any response from the French Government to a request from Sir Gordon Willmer, the Board's chairman for Sig. Bardari's release. He is not allowed to leave France pending possible charges relating to the accident.

The hearings are due to resume on June 12 but Mr. Richard Stone, counsel for Amoco, warned that unless the captain is available to give evidence he might have to call for a further adjournment.

The Board is also anxious to hear evidence from captain of the salvage tug Pacific, which is owned by Bugsier of Hamburg.

During the six-day preliminary hearings the Board has heard evidence of the design and operation of the steering system used in the Amoco Cadiz and on its failure.

Meanwhile the operation to pump 2,000 and 2,500 tons of oil from the wrecked bow section of the Greek tanker Eleni V has still not begun, off the East Anglian coast.

London seeks investment

MR. HORACE CUTLER, leader of the Greater London Council, and Sir Hugh Wilson, chairman of the Docklands Joint Committee, will visit Switzerland this week in an attempt to attract overseas investment to London.

The two organisations have mounted a joint exhibit at the Swiss Industries Fair in Basle to promote the advantages of investing in London, particularly in the Docklands area.

Swan Hunter charged over deaths on ship

BY PAUL TAYLOR, INDUSTRIAL STAFF

SWAN HUNTER Shipbuilders, and sub-contracters Telemeter Installations face charges under the Health and Safety at Work Act following an investigation into a fire aboard HMS Glasgow which killed eight shipyard workers in September, 1976.

The charges, brought by the Health and Safety Executive, will be heard in the magistrates court at Newcastle-upon-Tyne. No date for the hearing has been fixed.

Swan Hunter faces three charges under the 1974 legislation. The first two relate to the company's alleged failure to ensure its employees in the utility services department complied with instructions to remove all oxygen or flammable gas hoses which might have been left connected below decks when work had ceased.

In the third charge Swan Hunter is accused of failing to provide information and instruction to the employees of Telemeter Installations on the dangers of oxygen used for cutting or welding and the precautions required at the end of the day's work.

Telemeter Installations also faces three charges, two under the Health and Safety laws and one under the Shipbuilding and Shiprepairing Regulations of 1960.

The company is accused of failing to provide its own employees with necessary information and instruction on the dangers of oxygen, and under the 1960 Regulations of either failing to remove an oxygen hose or failing to disconnect the hose at the end of a day's work.

Fiat sued for libel over Savonita claims

BY JOHN MOORE

THE chairman of insurance broker Pearson Webb Springbett, currently embroiled in the Savonita claims row at Lloyd's of London, yesterday issued a writ for libel against Fiat, the Italian motor group.

Mr. Malcolm Pearson claims for damages for a libel in a letter dated April 20, sent by Mr. Benedetto Salaroli, a director of Fiat, to Mr. Ian Findlay, Lloyd's chairman.

That letter made allegations about a proposal for the settlement by Pearson Webb of the Savonita claims.

At the heart of the Lloyd's dispute, which involves another Lloyd's broker, Willis Faber, is Mr. Pearson's assertion that he would not press an insurance claim in the London insurance markets for fire and damage to 301 Fiat cars on board a cargo ship, the Savonita.

Mr. Pearson took this decision following a loss adjuster's report and legal advice. A fraud squad investigation is still in progress on the claims.

Pearson Webb was dismissed by SIAT, then the Fiat-controlled marine insurance company for which it was acting, and replaced by Lloyd's brokers Willis Faber.

Willis Faber, alleged Mr. Jonathen Aitken in the House of Commons, pressed the London underwriters to settle, and eventually payment on the claims was made.

A Lloyd's inquiry is studying the matter and is expected to report by the end of July. Meanwhile, all parties to the dispute have been asked by the inquiry team to produce the original of all documents relating to the claim by June 1.

SUITS directors 'justified' to delegate work on accounts

A LEADING accountant told a court yesterday that the directors of Scottish and Universal Investments had been right to delegate responsibility for preparing the company's accounts.

Mr. Arthur John, a Fellow of the Institute of Chartered Accountants, told the court that delegation was "entirely appropriate."

But he said that when the accounts finally appeared for 1975, a £4.2m loan should not have been classified as "cash at bankers and on hand."

Mr. John, an accountant since 1934, of Gerrards Cross, Bucks., was giving evidence for the defence on the seventh day of the trial of Sir Hugh Fraser and five other directors or former directors of SUITS who plead not guilty to a charge under the Companies Act.

The charge alleges that in the 1975 balance sheet nearly £10m. was shown as "cash at bankers or at hand" when this sum should have been no more than £5.5m., and that the £4.2m. difference was an unsecured loan to the property company Amalgamated Caledonian.

Mr. John told Glasgow Sheriff's Court: "The essence, I think, of the management of a company, is that the directors take responsibility for policy but do not expect themselves to do everything within the company.

"In this case they have delegated responsibility to the secretary, they have confidence in him, and they know he is well able to carry out his duties.

Errors

Questioned by procurator fiscal Mr. John Skeen about the accuracy of SUITS Board minutes, Mr. John agreed that errors in these minutes indicated that the Board seemed not to have been carrying out their duties as "diligently" as he would expect.

All six directors of SUITS deny causing to be lodged before the company's annual meeting a balance sheet for 1975 which did not give a "true and fair" view of the company's affairs.

On trial with Sir Hugh Fraser are Mr. James Grossman, Mr. William Forgie, Mr. Edward Gamble, Mr Angus Grossart, and Mr. Nicholas Redmayne.

Former SUITS director Mr. Redmayne told the court he at first had reservations about the loan being made and asked questions about it at board meetings.

But, he said, after assurances that the loan was secured, he was quite happy with the situation and did not look for it in the balance sheet.

Mr. Redmayne also denies a charge of failing to notify the company within 14 days of his involvement in SUITS shares transactions in 1974/1975.

He told the court he only gave notification of his share transactions in September 1976, after being told by his lawyers that he had a statutory obligation to do so.

He knew that at the end of the company's financial year he would be asked what his holdings of shares were—but he did not know of the obligation to notify the company within 14 days of transactions taking place.

The trial continues today.

BSC opens £30m. plant

THE British Steel Corporation yesterday opened its most advanced sinter plant at Ravenscraig, Scotland—marking the completion of a new raw materials reception and preparation system for the works' £230m. redevelopment.

The £30m. plant, installed by Head Wrightson to Belgian design, will produce 45,000-tonnes a week of screened blast furnace sinter.

It is the first in the UK to incorporate on-strand cooling which allows the sinter to be made and cooled in a continuous process, eliminating dust emission problems.

Writing table fetches £13,500

SALEROOM

BY ANTONY THORNCROFT

THE HIGHEST price paid yesterday was at Sotheby Bearne, Torquay, where Glaisher and Nash gave £13,500 for a George III mahogany writing table, estimated at £2,000-£3,000. In the same furniture sale, which totalled £72,200, a Regency mahogany secretaire break-front bookcase went for £3,600.

At Sotheby's, London, auction of Spanish books printed in the Spanish Netherlands and collected by the late Jean Peeters-Fontainas totalled £155,080 for the two days. Moorthamers, a Dutch dealer, gave £4,500 for a rare copy of Juan Vives Comentarios and £2,200 for a first edition of Vogtherr's "Libro Artificioso."

The arms auction at Sotheby's totalled £81,802, M and P Armouries giving £6,800 for the actions, stocks and fore ends of a pair of guns by Boss and Co. A pair of Charles Hellis sporting guns was sold for £5,000, and a Saxon wheel-lock rifle for £4,800.

The two-day sale at Sotheby Parke Bernet, Monte Carlo, totalled £1,390,107. On Monday, a Louis XVI furniture suite was sold for £38,095 and a bureau plat by Beneman made about 1785, £27,381. A small bureau plat fetched £23,214, and a Louis XV secretaire £17,857.

An annonymous bidder paid £700 at Christie's yesterday for a collection of three portrait miniatures of Thomas Moore, Lord Byron and Sir Walter Scott by William Essex. All were signed and dated. They were the highest priced lot in the sale on miniatures, jewellery, and objects of vertu which totalled £37,260.

Gomshall, the Guildford dealer, paid £550 for a portrait miniature of a staff officer, circa 1800 by Charles Shirreff. Wartski, the London dealer, gave £520 for a Russian silver mounted seal, and a silver gilt mounted tazza realised £500.

The topographical and sporting prints sale at Christie's made £42,162, with a best price of £850 from Dixon for a pair of harvest scenes after Richard Westall.

HOME NEWS

Airlines combine to end traffic control delays

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

UK AIRLINES and tour operators are combining to try to end the frequent and expensive air traffic control delays which bedevil the holiday season.

Mr. Ian Ritchie, British Caledonian Airways' external affairs director, has written for support to many organisations, including the Association of British Travel Agents, the Association of British Chambers of Commerce, the British Tourist Authority, the Institute of Travel Managers, the Air Freight Institute, the British Shippers Council, the London Chamber of Commerce and Industry and the British Civil Aviation Standing Conference.

At the same time, the Tour Operators' Study Group, which represents tour organisers, together with the main charter airline operators, have started to work out a plan to co-ordinate their members' flight schedules in order to avoid aerial traffic jams, especially to and from Mediterranean resorts.

The problem arises from several factors. One is the increasing volume of traffic, especially in the peak summer months, passing through the air traffic control corridors across the Continent. This imposes strains on national air traffic control organisations, which do not always have enough staff to man the system as fully as necessary.

Another problem is what the aviation community calls bunching—too many flights being scheduled too close to each other, not only at certain times of day but also on certain days of the week.

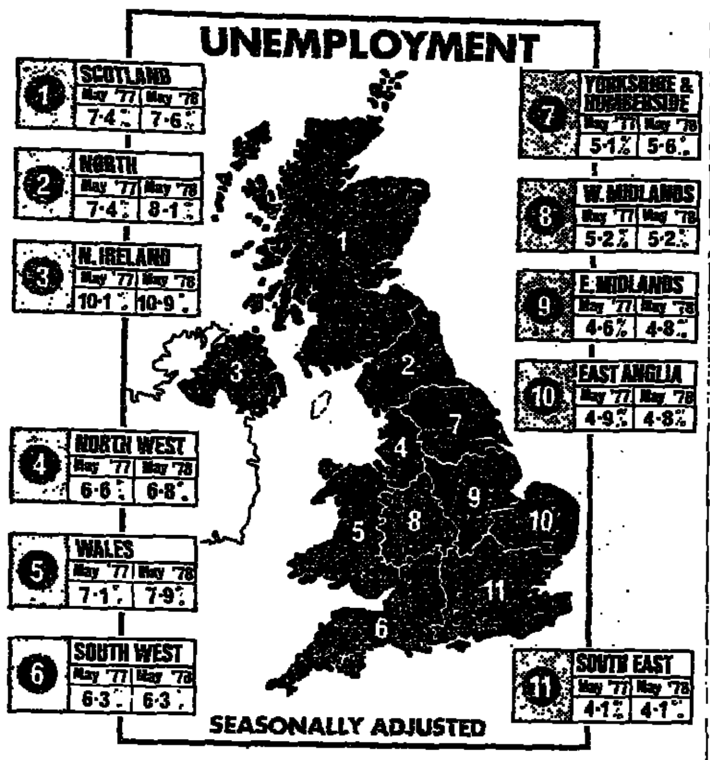
It is not uncommon, for example, for up to 50 UK holiday flights to arrive at one resort, such as Palma, Majorca, one day, and none the next.

What the study group hopes to achieve is closer co-ordination of flight schedules of all its members, so that this problem can be smoothed out. It is probably too late to be able to do this in time for this summer's peak period in July and August, but it is hoped that a scheme can be approved for summer next year.

A further problem to be overcome is that of industrial relations, both in the UK and on the Continent, where strikes, go-slows or other forms of action among airport workers and air traffic controllers have been a feature of the summer civil aviation scene.

Mr. Ritchie, in his letter, says that the airline has been co-operating for some time in efforts to bring about an improvement, "but all the evidence points to the root cause of such delays remaining and, perhaps being intensified, as traffic grows."

Basically, British Caledonian believes that individual national governments must concentrate upon improving their air traffic control systems to ensure that delays are eliminated or substantially reduced.



Unemployment falls in all regions except Wales

BY DAVID FREUD

UNEMPLOYMENT this month fell in all regions except Wales, where there was an increase of 0.5 per cent. on a seasonally adjusted basis.

The biggest fall in the number of jobless was in Scotland, with a 2.4 per cent. drop.

There was also an improvement in Northern Ireland—for the first time since October. The number out of work fell in the province by 1.8 per cent, although it still suffers the highest rate at 10.9 per cent.

The number out of work fell by 2 per cent in the north of England and East Anglia. It fell 1.5 per cent in the South West; 1.3 per cent in the South East and the North West; 1.2 per cent in the East Midlands; 0.4 per cent in the West Midlands; and 0.2 per cent in Yorkshire and Humberside.

After Northern Ireland the region with the highest level of unemployment was the North of England, with 8.1 per cent, closely followed by Wales with 7.9 per cent. Scotland, which last month was at a par with Wales at 7.8 per cent has now improved to 7.6 per cent.

The South East of England continued to have the lowest rate of unemployment, at 4.1 per cent, followed by East Anglia and the East Midlands with 4.8 per cent each.

New York Concorde flights to increase

BY OUR AEROSPACE CORRESPONDENT

MORE THAN 76,000 passengers have been carried on British Airways' Concorde services since these began more than two years ago.

The biggest success has been the North Atlantic route, where more than 63,000 have been carried on Concorde flights to and from Washington (starting two years ago) and New York (which began last November).

The flights to Bahrain, which began in January 1976, have carried more than 12,500 passengers.

British Airways intends to raise the number of New York flights next week from the present daily service each way to ten flights a week each way. Together with the three flights a week each way to Washington, this will mean 26 Atlantic Concorde flights a week by British Airways — Air France also has Concorde flights linking Paris with New York and Washington.

British Airways is still some way from making profits on its £150m investment in five Concordes. The daily utilisation (in terms of hours flown), while rising steadily from the present one-and-half to two hours, needs to grow to at least seven-and-half or eight hours a day per aircraft before profits can emerge.

The extra flights to and from New York will help increase utilisation towards this target.

Because of the increase in New York flights, the airline is cutting Concorde services to and from Bahrain from three a week to two.

British Airways is still waiting for the British and Malaysian Governments to reach agreement on Concorde flights through Malaysian airspace to and from Singapore. It is hoped that talks in London this week may achieve some settlement.

If so, both British Airways and Singapore Airlines could quickly reintroduce the short-lived London-Bahrain-Singapore Concorde services, begun last December but suspended after only three flights each way.

Singapore Government officials met Malaysian aviation representatives last week and, it is believed, settled some of the outstanding air route and traffic problems between the two countries. This in turn could lead to a settlement of the Concorde problem.

● *British Airways is planning to buy more Boeing 747 Jumbo jets, powered by Rolls-Royce RB-211 engines. The airline has six Rolls-powered Jumbos in service, with another joining the fleet soon and an eighth being delivered next April.*

An order for aircraft for delivery in 1980 is expected to be announced soon.

The airline has already said that it plans to build up its fleet of 747s through the 1980s, and all the new aircraft it orders—probabl yat a rate of one or two a year—will have RB-211 engines.

RAC motoring section makes £2m profit

A £2M PROFIT was announced yesterday by the Royal Automobile Club's motoring section.

Last year was the best in the club's history, Sir Clive Bossom, RAC chairman, told the RAC general council and annual meeting in London.

"In the first four months of this year, membership recruitment is up by 40 per cent. on the same period last year.

"But we are not complacent. There is a tremendous amount more to be done if we are to stay on top."

Much of the surplus was committed to providing more patrol vehicles, radio links and extra staff.

NatWest increases interest on fixed-rate lending

BY MICHAEL BLANDEN

NATIONAL Westminster Bank yesterday announced an increase in its interest rates on personal loans and other fixed rate lending, in line with the recent rise in short-term interest rates.

The move confirms the upward trend in the cost of money, and is likely to be followed by other major banks, which indicated yesterday that they are studying the situation.

NatWest has raised its flat interest rates by 1 per cent on all fixed-rate loan schemes. This raises the cost of personal loans from 7½ per cent flat to 8½ per cent, equivalent to an increase of about 2 per cent in the true rate of interest to 16.7 per cent for a 2-year loan.

Similar increases were announced for business development loans and home improvement loans, to 7½ per cent flat for secured borrowings and 9 per cent unsecured, while the rates on farm development loans go up to 7½ per cent secured and 8½ per cent unsecured.

Flat interest rate is calculated on the initial amount of the loan, but the true rate takes account of the repayment of the original borrowing during the loan period.

The increases followed the rise in the banks' base rates for overdraft loans from 6½ per cent to the present 9 per cent since last month's Budget.

Rates on personal loans and other fixed-rate lending are changed less frequently than overdraft rates.

The move suggests that the banks are convinced that interest rates will remain at present levels for some time.

NatWest last changed its personal loan rate last October, when the flat rate was cut by 1 per cent.

Midland and Lloyds also offer a 7½ per cent. flat rate, equivalent to a true rate of 14.7 per cent over two years, but may now consider increases. Barclays operates on a true rate only, and this has been at 14.93 per cent since last November.

ITT attack on Japanese TV sales

By Max Wilkinson

A PRODUCTION line for small-screen colour television sets is being set up by International Teelphone and Telegraph at its Basildon factory.

ITT hopes to challenge Japanese importers' domination of the market for small portable sets.

The UK small screen market is thought to be worth about £50m-a-year at present, and unlike the total market for colour sets, sales are growing steadily.

ITT will be able to produce about 100,000 sets a year with a 16-inch screen.

It believes this size is a compromise between the 14-inch set—used mainly as a second set—and the slightly larger sizes.

Mr. Eric Bates, managing director of ITT Consumer Products UK said that total production of the 16-inch sets would be worth about £25m a year. The £270 sets will be available in the shops from next month.

ITT's television factories at Hastings, Kearsley, near Bolton, and Basildon, Essex, employ about 3,000 people.

The company's expanding television production comes at a time when most other UK set manufacturers are closing plant.

Thorn, Decca, Philips and GEC have been reducing their workforces, mainly because of the smaller number of components in colour television sets and improvements in manufacturing technique.

Esso starts costly pipe repairs

BY RAY DAFTER, ENERGY CORRESPONDENT

ESSO PETROLEUM has embarked on a pipeline repair project which could cost it tens of thousands and possibly hundreds of thousands of pounds.

The company is to investigate about 130 suspect areas on its 64-mile fuel oil pipeline which runs from the Fawley refinery, Southampton, to the group's west London distribution centre at Staines.

The investigation follows a big leak of fuel oil in the Hamble area of Hampshire, in December. The pipeline, which can carry up to 4,000 tons of heavy fuel oil a day, has been shut after the discovery of the fracture.

Esso, which is moving oil products by road and rail tankers, has carried out tests on the pipeline and as a result of these has embarked on a detailed examination of 130 suspect areas. At least 90 sections of the buried pipeline probably will have to be uncovered.

The National Farmers' Union said yesterday that a number of farmers would face excavation on their land and many crops on Hampshire farms would be disturbed or destroyed. Compensation for loss of crops, both this year and in the future, had been negotiated. Esso had agreed to pay for damage to hedges, fences and drains.

Esso said negotiations had been going on for some time with landowners and local authorities.

Postal workers oppose 5p cards

BY PHILIP BASSETT, LABOUR STAFF

POST OFFICE plans to introduce a restricted 5p concessionary rate for Christmas-card deliveries this year could be put in jeopardy by strong opposition from parts of the postal workers' union.

The fate of proposals for the concessionary rate will be decided at next month's meeting of the executive council of the 200,000-strong Union of Post Office Workers.

The annual conference of the UPW, though, may call an emergency debate on the idea when it discusses the re-introduction of Sunday mail collections at its post office section

The 5p concessionary rate will apply only to inland Christmas cards of minimum weight. A special concessionary Christmas stamp will be printed but cards bearing stamps to the value of 5p from the Post Office's normal range will be accepted.

The concessionary rate will, however, apply only to cards posted for delivery within the same post town. The definition of the post town will be up to the head Post Master of the area. Lists and/or maps of the "local" area will be displayed in all post offices and included in advertising.

[illegible] of the inner area of London will be regarded as one post town.

There will be no restrictions on where the cards can be posted but people taking advantage of the scheme will be encouraged to use special boxes or hand them in in bundles at Post Office counters.

The special stamps will be on sale from November 22 and will be withdrawn from sale on December 18, the last date for posting normal second-class mail.

But the scheme will operate only from December 1. Items posted before December 1 will not be handled until that date.

Surcharges will be made on the concessionary-stamped cards to bring them up to the full second-class rate if they are "clearly inadmissible" — that is, outside the dates of the scheme. A three-day period of grace after the final date will be allowed.

The proposals — an experiment for this year only — were put last week to the Council of Post Office Unions, the umbrella organisation of the unions with workers in the Post Office, and the Post Office Users' National Council.

Christmas card traffic in the Post Office fell drastically after the letter-price increases in 1975, but increased at Christmas last year.

Industrial democracy . . .'a positive partnership'

I would like Bill in next session

THE Prime Minister said yesterday that he would like to see legislation on industrial democracy "in the next session of Parliament."

His comment came in exchanges which following a statement on the Government White Paper plans to give trade unions and employees a legal right to a say in the running of their companies.

Mr. Tom Urwin (Lab. Houghton-le-Spring) said there was a widespread welcome for the proposals on the Labour benches. But when could they expect a Bill and when would it reach the Statute Book?

Mr. Callaghan replied that he did not want consultation to continue indefinitely. "We have to get on with it. I would like to see legislation in the next session of Parliament if possible."

Mrs. Margaret Thatcher Opposition leader, welcomed proposals that would lead to greater involvement by the whole workforce and noted that these seemed to be "very different from the Bullock version—and rightly so."

Would all employees, whether they were trade union members or not, have an equal chance of "prosperity" in the process of consultation? Would independent unions not affiliated to the TUC be equally treated with those who were? Would non-statutory rights apply equally to the whole workforce or would there be discrimination against non-trade union members? she asked.

Mrs. Thatcher also wanted to know what provisions would be made to cover the special and vital role of those in junior and middle management.

Mr. Callaghan replied that it was the Government's intention that all employees should take part, for example, in a ballot to decide whether there should be worker-directors.

"It is also important in our view that worker-directors and joint representation committees should be drawn from employees of the company.

"Yes," he added, "all employees can be involved in consultations. Whether the JRC will include them will be a matter for discussion because, clearly, the statute will not be able to cover that."

Welfare

There would be nothing to prevent a company from setting up parallel discussions with employees who were not trade union members if they were unable to get agreement through the JRC.

On unions not affiliated to the TUC, Mr. Callaghan said: "It is certainly not intended that such trade unions should be excluded from a JRC."

Dealing with statutory rights, he thought that, once again, the system of parallel representations could apply.

There was a need for further discussion on those in junior and middle management. "They clearly have as much concern about the future welfare of the company in which they work as anyone else. To that extent, we should like to see provision made for them.

"Although we want to make trade unions in the country a prior means of consultation and discussion, we don't want to exclude employees outside the trade unions and legislation will have to be framed accordingly."

Mr. David Steel, Liberal leader, said that his party gave a general welcome to the White Paper, which advanced discussion of industrial democracy beyond the narrow confines of the Bullock recommendations.

"Our main criticism certainly centres on the fact that the interests of non-union members will not in our view be sufficiently safeguarded in the composition of the JRC."

He also questioned the position on nationalised industries such as the Post Office.

Non-union

Mr. Callaghan replied that he thought some nationalised industries would want to exercise any rights secured under legislation and others would not. The proposals would not require people to take part but they would give them a statutory right so to do.

Mr. Eric Heffer (Lab Walton) attacked the proposals as "a pale shadow of the proposals made by the Labour Party and even by the Bullock Committee.

"What some of us want is a system of genuine industrial democracy where workers have a real say on the basis of elected representatives to the highest boards."

Mr. Callaghan urged Mr. Heffer not to retreat into a trench on this issue. He understood he was not going to please everyone but wanted something on the Statute Book which could be built on. There was no one view in the Labour Party or among trade unionists on this issue.

Mr. Callaghan said that the nationalised industries had been asked to submit their proposals by August.

Mr. Kenneth Baker (C. St. Marylebone) asked for confirmation that non-union members would not be excluded from joint representation committees.

Mr. Callaghan said he could not give an utterly clear answer. If such a committee did not agree to accept non-union representatives, it would be wrong to try to force them upon it. The best thing to do would be to set up parallel machinery for non-members.

Most large companies were heavily unionised in any case, he added.

Premier jostles his Left-wing into line

BY PHILIP RAWSTORNE

THE GOVERNMENT'S proposals for industrial democracy—Bullock without horns—were given a general welcome in the Commons yesterday.

The controversial points had been blunted. "The objective is positive partnership rather than defensive co-existence," Mr. James Callaghan assured MPs.

Some dissatisfied muttering came from Labour's Left-wing where Mr. James Lamond (Oldham E) complained about the "cosmetics on the unacceptable face of capitalism," which were "no long-term substitute for Socialism."

But the Prime Minister's persuasive pragmatism won a wide measure of all-party acceptance.

Mr. Callaghan did not exclude parity of worker representation on company Board's as an ultimate outcome of the Government's proposals. "This will be an evolutionary process," he declared. No one could tell what sort of animal would finally emerge.

For the moment, however, the Prime Minister was more concerned with getting the process started than in arguing about where it should end.

Shared responsibility should improve industrial relations and increase efficiency in industry, he told MPs. The Government wished to secure it as far as possible by voluntary agreement and consultation.

Nationalised industries would set the pace — and the Government would provide some legislative stimuli to ensure that the private sector did not lag too far behind. Statutory obligations but no inflexible regulations, he promised.

Mrs. Margaret Thatcher, the Tory leader, seemed to like the new shape of the Government's creation. But she was concerned to ensure that non-trade unionists were not carelessly trampled on. They had rights in the running of their companies, she observed.

Mr. Callaghan readily agreed. Trade unions would be the prime channel of consultation but the Government did not want to exclude non-union employees, he said. Junior and middle management were clearly as much concerned as anyone about the future welfare of their companies.

Agreements could be sought with the trade unions, or employers could set up parallel systems of consultation, he said.

With Mr. David Steel, the Liberal leader, similarly reassured, the Prime Minister found a constructive consensus of support for his plans.

They included legislation in the next session. But far from decrying such Labour optimism, Tory backbenchers eagerly pressed him to include in his programme further revisions of company law.

Any worker director would have the same responsibilities as other board members, said Mr. Callaghan—and they would involve obligations to employees as well as shareholders.

"I want to make progress," Mr. Callaghan said, pleasantly encouraged by the progressive help from Mr. Peter Viggers, Sir Brandon Rhys-Williams and other Tory MPs, as well as his more usual supporters.

When the consensus began to crack at the Labour Party's edges, the Prime Minister patiently but firmly jostled his Left wing into line.

He urged Mr. Eric Heffer, who grumbled that the Government's White Paper was no more than a pale shadow of Bullock, not to retreat before it. There was no one view of industrial democracy in either the Labour or the trade union movement, he declared.

Mr. Callaghan did not dissent, however, from Mr. Dennis Skinner's view that the proposals reflected the Prime Minister's own avuncular image.

"Neither timid nor cautious" Mr. Callaghan agreed. "They contain the highest common fact of agreement . . . they can carry us quite a considerable way forward and what follows will be determined by experience."

Pressure for poll in autumn

By Richard Evans, Lobby Editor

PRESSURE on Mr. Callaghan from within the Labour party to go to the country in the autumn will intensify following the latest opinion poll boost to Government morale.

Labour MPs were in jubilant mood at the 4.9 per cent lead accorded to Labour in the latest National Opinion Poll published in the Daily Mirror, while Tories were puzzled and worried at the slip in the fortunes of both the Conservative party and Mrs. Thatcher.

There is little support within the Government for a summer election, partly because of continuing grave doubts on whether Labour could hold on to power and partly because the Scotland Bill would not have reached the statute book.

But the underlying trend shown in both the opinion polls and in recent by-elections argues strongly in favour of a general election in the autumn. Some senior ministers previously in favour of going into next year if at all possible are now coming round to this view.

NOP, which gave the Conservatives a lead of 11 per cent in February when the row over immigration was at its height now puts Labour well ahead. The 4.9 per cent lead over the Tories in current voting intentions compares with the Gallup Poll in the Daily Telegraph last week which showed the parties neck and neck.

The survey, conducted between May 4 and 9 on a random sample of 1,874 voters in 180 constituencies throughout Britain, also showed Mr. Callaghan well ahead in personal popularity with 55 per cent satisfied with his leadership compared with 38 per cent for Mrs. Thatcher.

Money supply guidelines pledge by Sheldon

BY IVOR OWEN, PARLIAMENTARY STAFF

THE GOVERNMENT remains firmly committed to keeping the growth in the money supply within the 8 to 12 per cent guidelines laid down in the April Budget, Mr. Robert Sheldon, Financial Secretary to the Treasury, stated last night.

He told the Commons Standing Committee considering the Finance Bill: "The message that has to go out is that the Government is determined to keep within these guidelines and has the instruments to achieve it."

Earlier Mr. Nigel Lawson, chief Conservative spokesman in the committee, accused the Government of having failed to keep the monetary aggregates under control and claimed that since the Budget, there had been a major collapse of confidence in Government policies.

One of the reasons for this, he said, had been a sharp increase in public expenditure planned by the Government as part of "an irresponsible pre-election spree."

Mr. Lawson called for a policy statement on the measures which the Government intended to take to make up for the revenue loss resulting from the 1p cut in the standard rate of income tax and the changes made in the middle income ranges in earlier debates on the Bill.

"Stop dithering, stop vacillating and stop showing complete indecision," he told Treasury Ministers.

Defending the Government's record in controlling the money supply, Mr. Sheldon underscored the impact made by the operation of the cash limit system in the monetary figures published since the Budget. The spending departments had sought to minimise the underspending for which they had been criticised in the past.

There had been insufficient experience of cash limits for this feature to be incorporated in the seasonal adjustments.

"Attention has to be given to these matters because they do form an important part of the figures," the Financial Secretary stressed.

Important though money supply was, said Mr. Sheldon, it was only one element and not in itself an instrument for the day-to-day management of the economy.

The trend reflected in the money supply figures, rather than month to month fluctuations, was the most significant factor of all.

He recalled that monetary policy had been held to be restrictive if the rate of growth in the money supply was less than the increase in money GNP. During the period of office of the last Conservative Government, the money supply had increased by 95 per cent, while money GNP had increased by 50 per cent.

This compared with the record of the present Government in which money supply had increased by 40 per cent, and money GNP by 90 per cent.

23 MPs 'not amused'

THE SPEAKER, Mr. George Thomas, yesterday apologised for any embarrassment caused to 23 MPs, mostly Tories, who found their names attached to a Commons motion calling for the Royal family to be taxed like other citizens.

The House dissolved in laughter when he pointed out that the names should have been added to another motion "relating to the export trade in live animals for slaughter or fattening."

Mr. Thomas added: "I apologise to all the members concerned for the embarrassment they may have suffered. A correction will be published tomorrow."

The Speaker's apology followed the dismay of the Tory MPs, many of them right-wingers, when they found themselves "supporting" the motion tabled by Labour left-winger and former Arts Minister, Mr. Hugh Jenkins.

Mr. Jenkins's motion insisted that "the survival of the monarchy is conditional upon all members of the Royal family being subjected to the same taxation as other citizens."

Zambia to get £9m loan

BRITAIN has agreed to provide Zambia with a loan of £9.26m, at 2 per cent interest for 25 years with a 7-year grace period, Mrs. Judith Hart, Overseas Development Minister, told the Commons in a written answer yesterday.

She said that £7.5m, would be spent mainly on essential imports for agriculture and the remaining £1.76m on 50 Leyland buses, for the United Bus Company of Zambia

Allaun urges early choice by MPs on Europe seats

BY RUPERT CORNWELL, LOBBY STAFF

A VIGOROUS debate is shaping up inside the Labour Party on whether its MPs should be allowed to hold the so-called "dual mandate"—simultaneous membership of the Westminster Parliament and a directly elected European Assembly.

Mr. Frank Allaun, a prominent Left-wing member of the policy-making National Executive Committee (NEC) and party vice-chairman yesterday demanded that candidates should be obliged to choose between the two before the next General Election.

In effect, this means taking a decision within the next two or three months, on the increasingly general assumption that Mr. Callaghan will go to the country in October.

He contended that if the choice were left open, Westminster could suffer defection to Strasbourg with the first direct elections in June, 1979. But this, in turn, would produce a crop of by-elections at what could be a highly delicate moment.

In the event that the next election produces a hung Parliament, or gives either party a tiny majority, such desertion could even be instrumental in bringing about change in the balance of power.

In a letter to Mr. Ron Hayward, [illegible]'s general secretary, Mr. Allaun made it equally clear that the dual-mandate itself could not operate. It would be unworkable, he said, "since an MP cannot represent one constituency of 500,000 people for the European Parliament and another of about 70,000 for the British one."

His views are significant for two reasons. Not only do they mirror those of Mrs. Thatcher concerning Conservative MPs, but they also represent a shift in the attitude of anti-Market Left-wingers who previously have been attracted to the dual mandate as a means of keeping a tight watch on British members of a potentially hostile EEC Assembly.

However, they were immediately attacked by some other NEC members last night on the grounds that it would be unfair to ask a sitting MP to give up Westminster without the slightest certainty that he would be even selected as a Euro-candidate, let alone elected.

In any case, Mr. Allaun's opponents argue, the problem will not really arise for at least the first session of the next Parliament — again assuming an October general election—since a revamped European Assembly, would not start work until well into the summer.

The present plans are for Mr. Reg Underhill, the national agent at Transport House, to prepare a paper for next month's meeting of the NEC's organisation sub-committee dealing with problems raised by direct elections—now that the party has signified it will fight them.

The actual selection procedures are not expected before early next year. Moreover, Mr. Allaun's critics insist, if Labour is in precarious office, an MP will be easily persuaded not to depart for Strasbourg and possibly undermine the Government.

Row over 'support for Soviets' claim

AN ACCUSATION by Sir Ian Gilmour, shadow Defence Secretary, that Mr. Norman Atkinson, Labour Party treasurer and MP for Tottenham, supported the Russians, sparked a furious row in the Commons yesterday.

Mr. Fred Mulley, Defence Secretary, was answering questions about lack of progress in the Vienna talks on mutual and balanced force reductions when Sir Ian said it was perfectly well-known how many Soviet troops were on the Western front.

He asked Mr. Mulley if he agreed it was rather odd that the treasurer of the Labour Party should "support the Soviet position."

During earlier questions, Mr. Atkinson had spoken of the difficulty in moving towards parity of arms and forces between NATO and the Warsaw Pact countries. He claimed that Warsaw Pact forces had been reduced by 250,000 compared with 100,000 on the NATO side.

As Sir Ian made his accusation, Mr. Atkinson shouted "Point of order," but the rest of his protest was drowned by uproar on both sides of the House.

Amid supporting shouts from the Labour benches, Mr. Atkinson demanded that Sir Ian substantiate his statement. "I have said nothing at all, implicit or otherwise, in the questions I put to Mr. Mulley from which Sir Ian could deduce support for the Soviet Union against the interests of this country," he said.

Mr. Mulley said that in no way was Mr. Atkinson supporting the Soviet Union against the interests of this country.

Sir Ian replied that the West knew perfectly well how many Soviet troops were in Europe but the treasurer of the Labour Party was pretending that it was not known.

The Speaker, Mr. George Thomas, said that there had been no reflection on Mr Atkinson.

Harrier aircraft deal with China denied

REPORTS CLAIMING that Britain is to sell 30 Harrier military aircraft to China, with another 300 to be built under licence, were denied by Mr. Fred Mulley, Defence Secretary, in the Commons yesterday.

He said no decision about the possible sale had yet been reached—let alone on details of this sort.

"If the Chinese interest in Harrier is confirmed, the usual political, strategic and economic criteria and our international obligations in relation to the sale would have to be examined in detail before the Government could take a considered view," Mr Mulley declared.

Mr. John Evans (Lab Newton) claimed that the Tories, who had had nightmares about "Reds under the bed" for generations, were now hand in glove with the Chinese. "Does this make them Marxist?" he asked.

PM rejects claim on effects of jobs Act

By John Hunt, Parliamentary Correspondent

A STRONG defence of the Employment Protection Act and a denial that it had created unemployment came from the Prime Minister in the Commons yesterday.

He was replying to Mr. Andrew MacKay (C Stechford), who claimed that Mr. Harold Lever, Chancellor of the Duchy of Lancaster, had admitted that the Act had caused much of the unemployment in the country.

Mr. Callaghan told him that he did not accept the interpretation which he had put on Mr. Lever's remarks. "It is quite untrue that this legislation has added to unemployment. "It is protecting employment," he said.

The Opposition, he claimed, would destroy this advantage if their policy of removing subsidies and grants to industry were to be carried into effect.

Mr. William Molloy (Lab., Ealing N) welcomed the latest fall in unemployment. He suggested that the Prime Minister should urge the TUC to have talks with the International Federation of Trade Unions to draw up a programme for the fight against inflation and reduction of world unemployment.

Mr. Callaghan assured him that he had discussed this matter with the TUC and they were in touch with their trade union colleagues in the EEC about the matter.

The TUC was asking the European trade unions to press measures on their Governments to ensure that there was a further drop in unemployment.

Mr. Douglas Hoyle (Lab, Nelson and Colne) said that £1 in £4 was spent on imported manufactures. He suggested selective import controls in key areas, such as the car industry and electronics, where we were threatened by the Japanese. There should also be further measures to protect the footwear and textile industries.

The Prime Minister reminded him that selective import controls were already in existence in relation to textiles and footwear. "As regards the car industry, undertakings have been given by the Japanese Government that we epect them to carry out in view of the serious rise in the import of Japanese vehicles."

The Prime Minister welcomed the vote of the Union of Post Office Workers the previous day, against motions which called for opposition to any further Government incomes policy. "I found that extremely heartening," he declared.

But Mr. Donald Stewart, leader of the Scottish Nationalists, reminded him that Mr. Joe Gormley, of the Mineworkers' Union, had come out firmly against a Phase Four incomes policy.

The Prime Minister replied that it was clear that there was a difference of view in the trade union movement. The unions most closely associated with the public sector were against the situation that had existed in the early 1970s. They realised that this had not led to a permanent improvement in the standard of living of their members.

"Therefore, it behoves us all to try to search for better methods of securing a real improvement in the standard of living." Mr. Callaghan declared.

Zaire situation 'could be met'

BRITAIN has the capacity to look after the lives of its subjects caught up in situations like Zaire the Prime Minister said in the Commons yesterday.

Mr. Callaghan had been challenged by Mrs. Margaret Thatcher, Opposition leader, to say if a British rescue operation could be mounted on its own in the light of the defence cuts.

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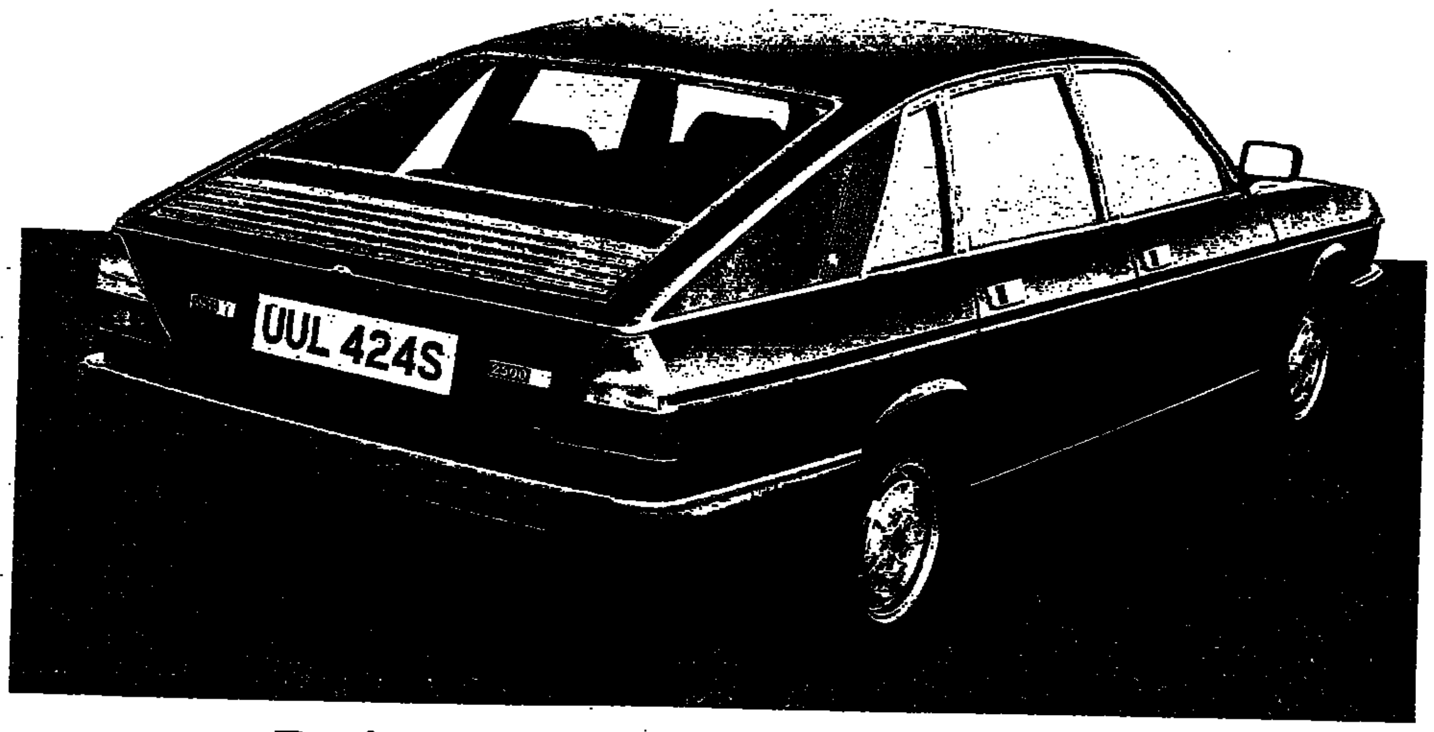
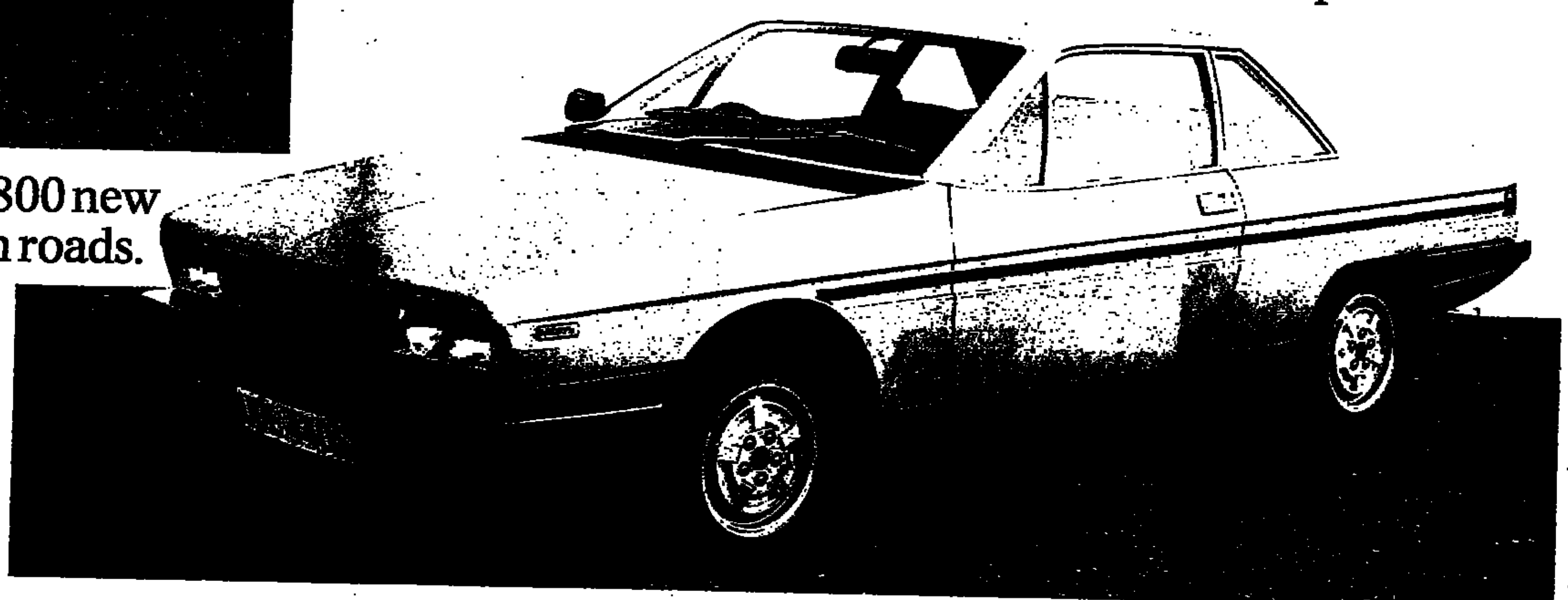
The Financial Times

THE NEW LANCIA GAMMA. YOURS COULD BE THE ONLY ONE YOU'LL SEE.



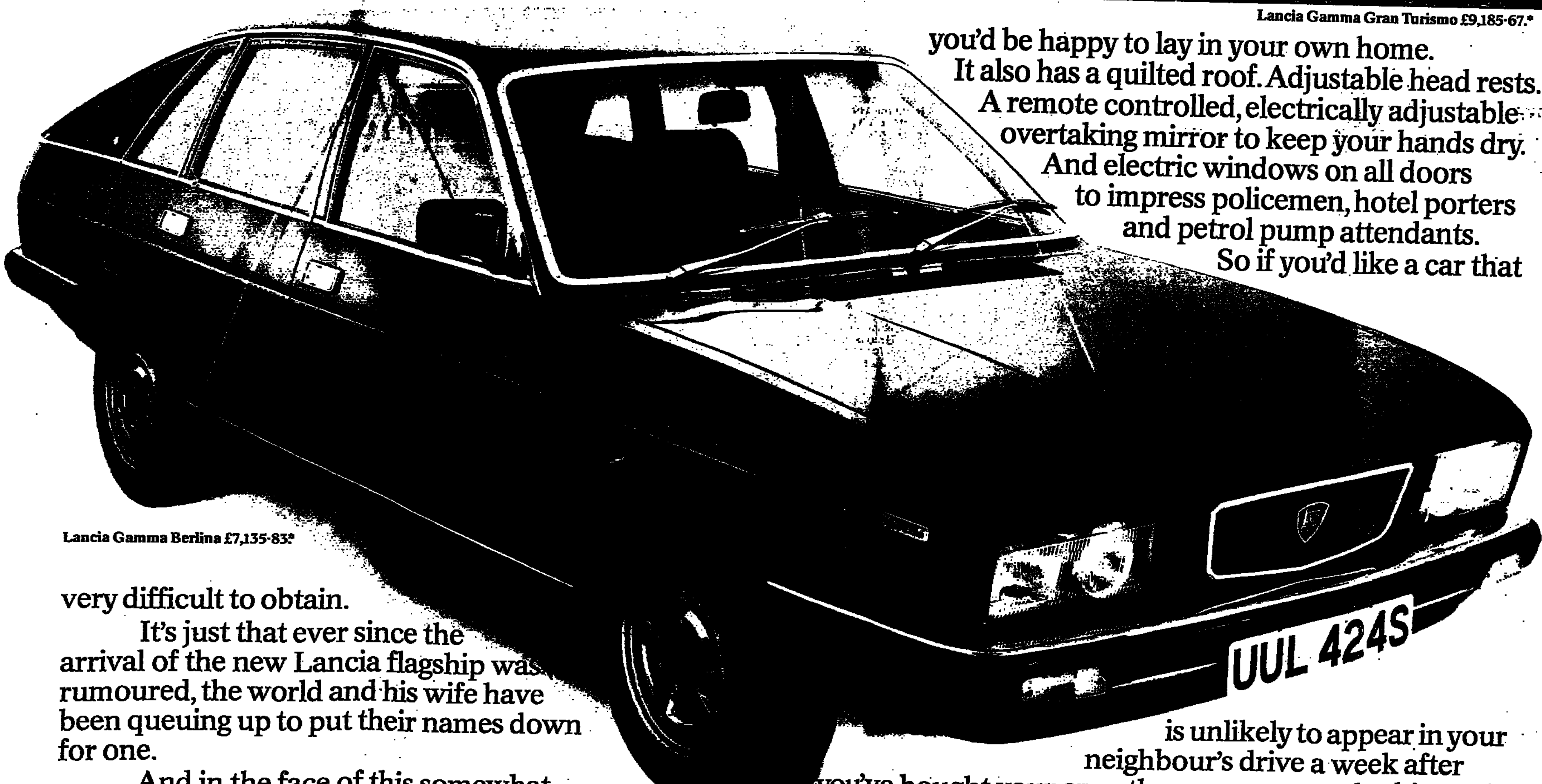


Lancia Gamma Gran Turismo £9,185·67.*

During the next twelve months, about 800 new Lancia Gamma Berlinas will appear on British roads.

The Gran Turismo version will be even rarer. Some 400 will be thinly spread over the length and breadth of the U.K.

This isn't we hasten to add, the result of some devilish plot to make this very desirable Italian car even more desirable by making it very difficult to obtain.



Lancia Gamma Berlina £7,135·83*

It's just that ever since the arrival of the new Lancia flagship was rumoured, the world and his wife have been queuing up to put their names down for one.

And in the face of this somewhat embarrassing demand, Lancia have had to impose the strictest rationing since the days of Sir Stafford Cripps.

But has this regrettably exclusive car been worth waiting for? Is the new Gamma as good as its svelte Italian looks?

If you like sheer speed, it certainly is. The new Lancia 2½ litre boxer engine provides you with a highly illegal maximum in excess of 120 mph. The five-speed gearbox enables you to reach more reasonable speeds in most unreasonable times.

If you like magnificent handling, the Gamma should please you. It has front wheel drive (like most Lancias since the legendary Lancia Fulvia), sensitive power steering and hefty power braking. So although it's big and spacious and comfortable, it drives like a car half its size.

If you like luxury, the Gamma has it to spare. With thickly padded cloth covered seats, of which the driver's is adjustable to give you the perfect driving position. An adjustable steering column. And carpets you'd be happy to lay in your own home.

It also has a quilted roof. Adjustable head rests. A remote controlled, electrically adjustable overtaking mirror to keep your hands dry. And electric windows on all doors to impress policemen, hotel porters and petrol pump attendants.

So if you'd like a car that is unlikely to appear in your neighbour's drive a week after you've bought your own, then you are now looking at it.

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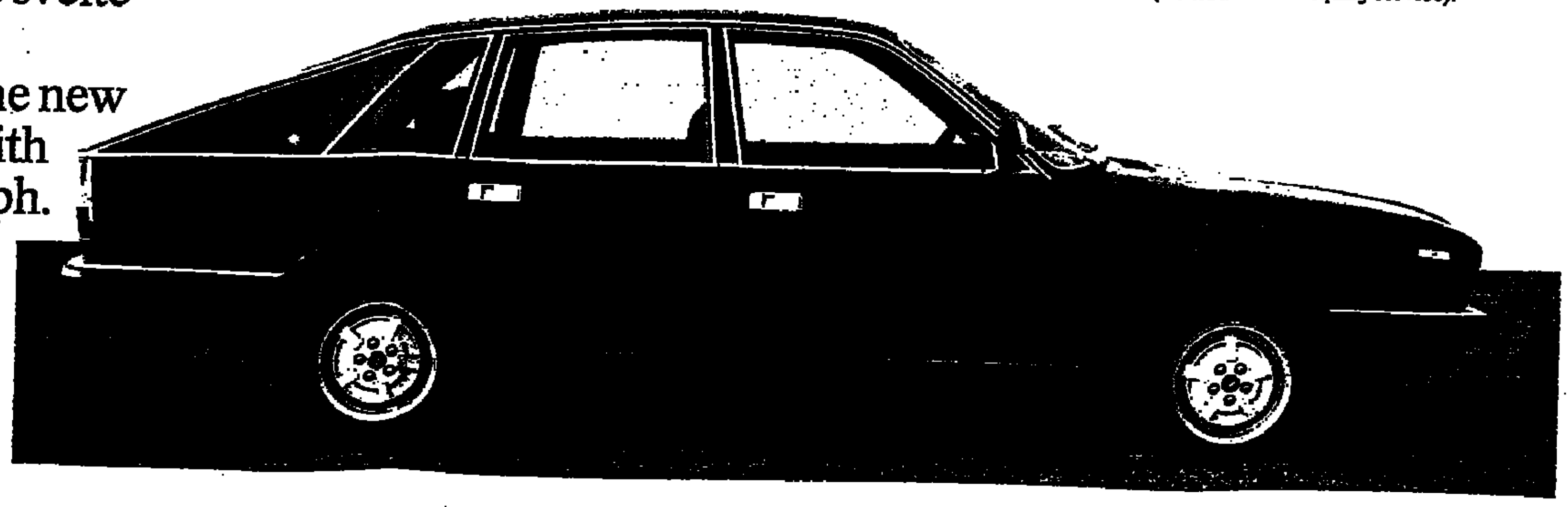

*Prices include VAT at 8% and car tax, inertia reel seat belts and delivery charges (UK mainland), but exclude number plates. Personal Export: If you are eligible to purchase a Lancia free of taxes, contact our Export Department.

LABOUR NEWS

Mirror asks print union to replace press men

BY PAULINE CLARK, LABOUR STAFF

MIRROR GROUP Newspapers has asked union leaders to replace a seven-man team of machine minders. This came after a union chapel [office branch] meeting yesterday voted to continue action which has seriously affected production of Reveille over the past few weeks.

One of the men is believed to be among the 14 machine minders in the National Graphical Association who continued strike action against the Observer newspaper last weekend in defiance of union instructions. In the case of the Observer, the union has already agreed to discipline the strikers, who work on a casual basis, and told its London regional officers to replace them.

The action by seven machine minders in the Mirror Group has prevented publication of this week's Reveille after the loss of about a third of last week's issue in the same dispute.

They are said by management to be asking for more pay while refusing to take part in productivity talks.

Post Office union seeks pay alliance with public workers

BY PHILIP BASSETT, LABOUR STAFF

A NEW INITIATIVE for an alliance on pay between public service unions is to be made by the postal workers' union with only grudging approval from Mr. Tom Jackson, the union's general secretary.

The 1,700 delegates at the annual conference of the Union of Post Office Workers, at Blackpool, yesterday ignored Mr. Jackson's advice that an initiative from the union would fail.

The delegates voted decisively to instruct the union's executive council to set up an "alliance" with other public service unions to oppose any further restrictive wage policies by the Government.

The union, earlier this week, voted for a fourth stage of incomes policy. Further debate on pay at the conference yesterday confirmed the decision.

After the vote for the alliance, Mr. Jackson said he would be writing to the public service unions asking them to attend a meeting.

Unions involved include the electricity workers, mineworkers, railwaymen, steel workers, other post office unions, the Civil Service unions, National Union of Public Employees, National and Local Government Officers Association, and members of the Transport and General Workers Union and the General and Municipal Workers Union.

Mr. Jackson said an alliance as large as that would be unlikely to be an effective body to bargain with the Government.

He also said he would be contacting Mr. David Basnett, general secretary of the Municipal Workers Union, about his proposal for a public sector forum on pay. The postal union is not included in Mr. Basnett's plan.

Mr. Don Fails of the Croydon branch of the postal union said that since the Post Office achieved corporate status the Government had interfered in every wage negotiation to the detriment of members' pay. The firemen's strike last year had shown the folly of public service unions alone against the Government.

Mr. Jackson said his union had tried twice before to form a public service union alliance. Both attempts had failed.

The wage settlement dates spread throughout the year; the difference in profitability between nationalised industries and in industrial muscle of the unions all created difficulties.

The conference also overwhelmingly rejected a call for a £100-per-week minimum wage for Post Office workers. Mr. Jackson argued that a £100 flat rate minimum would cost a total of £507m a year and put the price of a first class letter up to 19p.

A £100 minimum taking account of differentials would cost £896m, and would mean pay increases of 123 per cent for some grades.

AUEW will renew merger approach

BY NICK GARNETT, LABOUR STAFF

THE AMALGAMATED Union of Engineering Workers decided yesterday to make new merger approaches to the 13,000-member boilermakers amalgamation in the wake oft he boilermakers' rebuff to the General and Municipal Workers last week.

The engineers' executive agreed to request a meeting with the Amalgamation to discuss merger proposals. The two bodies have been in tentative negotiations but, as yet, there have been no formal meetings between their officials.

Delegates to last week's boilermakers' conference instructed their executive to discontinue merger talks with the municipal workers, to the annoyance of both the executive and Mr. David Basnett, the municipal workers' general secretary.

The boilermakers' delegates felt that the GMWU was not a suitable partner for a craft-based union and made it clear that if there was no alternative to amalgamation they would prefer discussions with other craft unions, including the engineers.

The boilermakers' executive said it would still consider the possibility of putting the issue of merger proposals with the GMWU to a ballot of the membership.

The 1.4m engineers have been seeking the formation of a single union in the industry although last week the conference of the 50,000-strong National Society of Metal Mechanics decided that it would not proceed any further with merger talks with the engineers.

The engineers have put forward revised proposals for a merger with the 450,000 Electrical and Plumbing Trades Union.

Massey men can collect £9,000

EMPLOYEES at Massey-Ferguson opting for early retirement could pick up about £9,000 in severance pay. Most of the more than 1,000 farm machinery workers the company plans to make redundant in the UK will, however, collect between £3,000 and £5,000.

Normal working continues at the Coventry tractor assembly plant where the bulk of the redundancies will take place. The other jobs to go—about 100—are at the Kilmarnock plant in Scotland.

A mass meeting of the company's Coventry workforce yesterday agreed to await further developments after union national officials rejected the proposed redundancies. More talks are expected over the next few days between the joint shop stewards' committee and the management.

Shop stewards are to review the situation on the proffered redundancy terms and, like the labour force, are hoping enough volunteers will come forward.

The redundancy programme, still to be settled, involves manual workers and staff employees at the two plants.

● A strike by transport drivers at British Leyland cars plant, Longbridge, yesterday caused 5,000 workers to be laid off and seriously disrupted production of the Mini and Allegro models.

The drivers, who walked out in support of two men dismissed for timekeeping offences, meet to consider the position to-day. Workers are being recalled, and it is hoped production will be resumed.

Output of Rover saloons, at Solihull, was normal yesterday following a return to work by 500 painters.

Claridges' dismissed chef settles out of court

BY NICK GARNETT, LABOUR STAFF

MR. RICHARD ELVIDGE, the trainee chef whose dismissal from Claridges sparked a two-week strike at the London hotel, was severely criticised yesterday by other kitchen staff for accepting an out-of court company settlement.

An industrial tribunal hearing Mr. Elvidge's claim for unfair dismissal ended yesterday when the 19-year-old chef accepted £400 in compensation for his dismissal—and an additional £650 to assist him in continuing his career.

A statement read to the tribunal by Mr. Anthony Boswood, representing Claridge's, said the hotel acknowledged disciplinary procedures had not been followed completely, although the hotel's managerial staff had believed they had been.

In deciding upon dismissal, insufficient account might have been taken of Mr. Elvidge's age and experience and that during much of his time at Claridge's his work had been satisfactory.

Claridge's reaffirmed that Mr. Elvidge had not been dismissed because of trade union activities. The statement added that both sides recognised it would not now be in the interests of either for Mr. Elvidge to return to the hotel.

Yesterday a number of staff said they had been let down. Mr. Peter Martin, a chef and shop steward, said the tribunal would have heard defence evidence on working conditions which staff felt were appalling.

Shop stewards said they would consider further industrial action if hotel management does not start full discussions with staff by Friday on improving conditions.

After yesterday's hearing, Mr. Elvidge lunched with friends in the hotel restaurant.

Pay code rebel 'keen to comply'

By Our Labour Editor

JAMES MACKIE AND SONS, the Belfast textile machinery manufacturer which was the first company known to face Government sanctions for paying a 22 per cent wage rise, has apparently told Government officials it will observe any limit set for the next round.

It is understood to be keen to comply to have the sanctions—including withholding of export credit guarantees—removed.

The Treasury said last night that the company was still in breach of the present incomes policy and on the "blacklist."

Rebel hospital workers consider inquiry offer

BY PAULINE CLARK, LABOUR STAFF

NURSES AND other staff at the 920-bed Brookwood Hospital in Woking, Surrey, who claim to have taken over running the hospital because they are unhappy about its administration, were offered a special inquiry into their grievances by area health officials yesterday.

After a meeting lasting nearly three hours with a Surrey Area Health Authority team led by the authority's chairman, Dr. Ivan Clout, representatives of the 12-member workers' council said that they would consider assurances that their long list of complaints against three senior management staff would be studied by the officials.

Details of their complaints have yet to be disclosed, but the Confederation of Health Service Employees said yesterday that they related mainly to industrial relations problems stemming from "bad management."

The problems were said to be particular to the hospital, although aggravated by a more cumbersome industrial relations system under the reorganised health service.

After a vote of "no confidence" in the hospital's senior management by 200 members of the confederation last week-end, a works council was set up, supported by 30 middle management members, to vet all instructions by senior administrators before allowing them to be carried out.

BAC workers lobby MPs

MORE THAN 800 workers in aircraft factories demonstrated in London yesterday and lobbied their MPs in protest at British Airways' plan to buy American Boeings instead of the home-produced BAC 1-11s.

About 200 of the demonstrators were from the British Aircraft Corporation factory at Hurn Airport, Christchurch, Dorset where the BAC 1-11s are produced.

London teachers in pay deadlock

THE LONDON allowance for about 100,000 teachers is to go to arbitration after deadlock in negotiations between unions and local authorities. The unions want an average increase of 18.5 per cent on the current weightings of £402 in inner London, £297 in outer districts, and £150 in fringe areas. The authorities have offered slightly more than 10 per cent.

The National Union of Teachers—which yesterday officially confirmed its oppositon to the Taylor committee's proposals to give school governors powers over teaching methods and curricula—has told 700 members in 53 schools in Solihull to work to rule from June 8 because the authority's staffing policy is inadequate. Teachers will refuse to take oversized classes or to stand in for colleagues absent for more than a day.

Chemical staff win 10% rise

ABOUT 60,000 process workers in the chemical industry, not including ICI employees, have negotiated the maximum 10 per cent rise allowed under the pay code, the General and Municipal Workers' Union said yesterday. They are employed by members of the Chemical Industries Association.

A similar offer is expected for ICI's 50,000 manual workers; but the company's shop stewards are concerned that it will do little for shift workers.

THE WHITE PAPER FOLLOWING THE BULLOCK REPORT

Government's industrial democracy plans based on the unions

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE GOVERNMENT'S plans for encouraging the spread of industrial democracy by legislation which would deal in two stages with employee consultation and worker directors was published yesterday.

The plans are based primarily on trade unions and the White Paper stresses that the Government hopes progress will be mainly through voluntary agreement. Legislation would then be needed only as a fallback.

In addition, as part of its general review of company law, the Government intends to introduce legislation for two-tier company board structures made up of a top-level policy board and a lower level management board.

Companies could adopt this structure whether or not they have workers directors. Where such directors are elected, they would sit on the top-level policy Board. The White Paper spells out the statutory duties and responsibilites of these two Boards.

The general proposals follow on from the report of the Bullock Committee of Inquiry on industrial democracy published 16 months ago, and the White Paper's introduction picks up its theme that "in a democratic society, democracy does not stop at the factory gate or the office door."

The main question, it says, is "when and how" employees should be able to influence decisions which can "vitally affect" their working lives.

"Industrial democracy in this White Paper stands for the means by which employees at every level may have a real share in the decisions within their company or firm, and therefore a share in the responsibility for making it a success.

"The objective is positive partnership between management and workers, rather than defensive co-existence," declares the White Paper.

One way to change the conflict in industry is to create a framework for employees to join in those corporate decisions that affect them, it says.

"Where decisions are mutually agreed, both sides of industry must share responsibility for them. Such shared responsibility will improve the efficiency of British industry and open up a range of new and creative ideas that can greatly benefit this country."

The White Paper proposes, in line with the Bullock Report, that an Industrial Democracy Commission might be set up. Its job could be "to provide advice and conciliation, to give rulings on disputes, and to monitor and evaluate the operation of the legislation." This would include preparing a Code of Practice.

Another alternative would be for the existing Advisory, Conciliation and Arbitration Service to take this role.

Company strategy should be disclosed

COMPANIES employing more than 500 should be required by law "to discuss with the representatives of employees all major proposals affecting employees of the business before decisions are made," says the White Paper.

These discussions would cover matters such as investment plans, mergers, takeovers, expansion or contraction of establishments and major organisational changes. A code of practice might give guidance on this.

The Government expects and hopes that most companies would make such arrangements voluntarily by agreement, but adds that "the system should nevertheless be backed by statutory provisions." The disclosure of information would be a "natural part of the discussion process."

Dealing with who should exercise the statutory rights, the White Paper says: "It would not be practicable for companies to discuss their corporate plans separately with each recognised trade union. The issues are likely to affect all employees and it would be in the interest of all that their organised representatives should discuss them collectively with the company.

Entitled

"The Bullock Committee in their discussion of arrangements for employee representation on company boards recommended that the shop stewards and other lay representatives of the various trade unions in the company should form a committee, to which all the independent recognised trade unions in the company should be entitled to belong. The purpose of this committee would be to negotiate with the company and to decide how employee representatives should be selected.

"They proposed that it should be known as the joint representation committee (JRC). The Government believes that the formation of JRCs would provide an important basis for inter-union co-operation. They should also be a positive stimulus to the voluntary development of joint discussion of company strategy, for which they would be a natural focus. Either the board or the JRC would be able to initiate the discussions."

The statutory fall-back right to require the board to discuss company strategy should be vested in a JRC "broadly representative of the independent recognised trade unions in the company which in turn would be broadly representative of the employees as a whole," suggests the White Paper. Members of the JRC would be employees of the company. If any trade union considered that the composition of the JRC was inequitable it could appeal to the new commission or ACAS.

The new commission or ACAS would be able to delay the operation of the statutory obligation on the company to discuss its plans "until it was satisfied with its composition and could make proposals but could not impose a solution."

There would be no statutory obligation on a company to consult non-union employees.

Consultation

The Government intends to consult further with the CBI and TUC about how to protect confidential information but points out: "The sensitivity of information on company strategy varies greatly. Some of the issues under consideration may already be public knowledge. Others may not be generally known, but are not so material to the company's competitive position that they cannot be discussed among the employees generally.

The White Paper suggests that one course might be for the company to agree with the unions "the confidentiality of information to be disclosed, distinguishing carefully between information employee representatives might pass on to their constituents and that which they should not relay."

This, it says, could prevent any serious difficulties in practice.

Civil actions could also be brought against those who misused confidential information to the detriment of the company. The code of practice could give guidance, and appeals could be made when problems arose.

Turing to groups of companies and multi-nationals, the White Paper says "arrangements must be made for workers to be involved in decisions at whatever level they are taken."

In groups of companies "it will therefore be necessary for discussions to take place between representatives of employees and companies both at subsidiary and holding company levels, and perhaps at intermediate company levels too, depending on where decisions are taken."

Lack of consensus on right to have employees on boards

GROUPS OF workers may wish to build on their experience of consultation by having employee representatives on their companies' boards, says the White Paper. But the Government has failed to find a consensus over whether there should be a statutory right for this to happen.

"This lack of concensus may in part reflect different views about the role of employee directors in an industrial relations structure based largely on a system of collective bargaining. On one view employee directors would be a natural complement to the collective bargaining process, and their principal role would be to ensure that matters of concern to the employees were discussed with them, and that their representatives had all the relevant information for this purpose.

"The approach in the Bullock majority report was that, while employee representation on the board should complement existing collective bargaining arrangements, the role of employee directors would significantly extend these by enabling employees to participate directly in the management of the company and to share responsibility for its decisions."

The Government does not believe that it would be enough to rely entirely on voluntary progress, and therefore proposes statutory rights for employees. But it wants "to avoid inflexible legislation which would require the adoption of one approach rather than another," and it believes that "much can be achieved by agreement without the intervention of legislation." Companies could agree their own arrangements with their employees.

To encourage such voluntary progress, the Government intends to legislate as part of its review of company law "so that a two-tier board structure with separate policy and management boards is an option for any company."

All directors on the top policy board (where any employee representatives would sit) would share the same legal duties and responsibilities. Employee directors would keep in close touch with employees and their unions but, the White Paper points out, "company law prohibits the mandating of a director to vote in a particular way."

Initiated

The statutory right would operate in companies with 2,000 or more employees in the UK, and would be initiated by a request from the trade unions' JRC which would have the power to require the company to hold a ballot of all the company's employees on the issue.

But the statutory right would not come into operation until three or four years after a JRC had been established in a company. "This will allow for the necessary improvement of participative machinery at all levels, in particular through exercise of the statutory right to discuss company strategy."

The Government has "encountered two important issues on which views are divided," says the White Paper. These concern the proportion and selection of employee directors.

The Bullock majority report's "x+y" formula was based on equal representation of employee and shareholder representatives partly to encourage the employee representatives to take responsibility. The argument against equal representation is that it would cause deadlock and, coupled with unions' bargaining power "might affect the confidence of investors and make it more difficult to raise capital."

The Government believes that a "reasonable first step" would be to give employees the right to appoint up to one third of the members of the policy board in the proposed two-tier structure.

In the public sector, the Government says it intends that the nationalised industries "should set an example to the private sector," while recognising differences such as the fact that national interest has to be taken into account and that there are no shareholders.

Major step forward—Murray

BY CHRISTIAN TYLER, LABOUR EDITOR

MOST TRADE UNIONISTS would see the White Paper as "a major step forward," Mr. Len Murray, TUC general secretary said, even though the Government had not agreed to everything the TUC asked for "I hope employers will think twice before simply reiterating their ritual objections to any serious steps being enacted in this field."

The proposals would develop the unions' constructive role and reflected the "democratic imperative of our time."

Mr. David Basnett, of the General and Muncipal Workers, which campaigned for flexibility and the principle of extended consultation, said the paper showed the Government had recognised "the need for democracy outside Parliament."

It was inevitably a compromise proposal and did not go as far as the union would have liked for a general legal requirement. The union would wish to move rapidly towards parity on boards where the worker director option was taken up.

The Transport and General Workers' Union said it would now seek a Government commitment to give unions half the seats on Boards of nationalised industries, and more democracy in local Government, the health service, education and the civil service. That would not require legislation.

Mr. Moss Evans, general secretary, welcomed the general approach, but said the union would seek three guarantees in legislation for the private sector: a trade union system, with no separate or rival representative mechanism which would damage industrial relations; parity on the Board between workers and shareholders; and representation on the decision-making body, not "any remote supervisory Board."

A management union view came from Mr. John Lyons of the Engineers and Managers Association who said the proposals recognised the need for "a coherent managerial capability as well as trade union involvement."

The whole concept was criticised by Mr. Frank Chapple, of the Electrical and Plumbing Trades Union, which has fought against worker directors of any kind.

He said the plan was the product of European pressures and Britain's EEC membership, and could also be seen as "part of the package in return for the social contract and restraint in pay bargaining."

Government to make two-tier control an option by law

THE WHITE PAPER says that the Government intends "to legislate so that a two-tier board structure with separate policy and management boards is an option for any company." This is because it believes that "regardless of the question of employee representation, the two-tier board structure can offer companies certain advantages over a unitary board."

In an appendix to the White Paper it explains that in many European countries, including Germany, France, Denmark, the Netherlands and Belgium, the two-tier board structure is used either as an option or, for bigger companies, as a requirement.

The British practice is to have a unitary board "whose members are appointed by the shareholders and, having been appointed, are competent to take any decision affecting the operation of the company, save for certain important matters which have to be referred to the general meeting of shareholders for decision."

In the appendix it is pointed out that the German example is the most often quoted foreign practice. "In German law large companies must have a supervisory Board and a management Board. The management board is responsible for day-to-day management of the company and it alone has the power to bind the company vis a vis third parties. The supervisory board appoints and can dismiss for good reason the members of the management board. It receives regular reports from the management board and has the power to require the management board to refer certain categories of decision to it for prior approval.

"The role of the supervisory board is to oversee and supervise the way in which the company is run, but not to get involved in running it. Members of the management board cannot be members of the supervisory board or vice versa.

"But this rigid division of functions between the two boards, which is attacked by the opponents of two-tier boards in this country as inconsistent with our flexible tradition of company law, is not the only model. In Denmark, for example, the upper board has considerable powers over the determination of policy and the taking of major decisions, and within prescribed limits it is possible for individual directors to be members of both boards.

"Its study of this subject has convinced the Government that the two tier board structure can offer certain advantages over a unitary board whether or not the employees are represented at board level. It helps to clarify on the one hand the role of directors as managers and on the other their function of directing the company. Many UK companies already operate in practice a two tier system in which the board of directors delegates executive management functions to a committee or committees.

Formal

"In the case of the nationalised industries the arguments are different. Each board is responsible to a Minister and so the appointment of a statutory two-tier board would mean three formal layers of authority with some over-lapping of responsibility." This was why the proposal for a statutory two-tier structure was rejected in the White Paper on the nationalised Industries published early in April which noted that the nationalised industries themselves do not want statutory two-tier boards.

"For these reasons our proposal for two-tier boards will apply only to companies.

"The management board, appointed by the policy board, will normally consist of the executives of the company at the most senior level, sitting under the chairmanship of the chief executive. This is the body to which the law will assign the responsibility for the day-to-day management of the company.

"The main functions and responsibilities of the management board will be defined in the legislation. This will distinguish it from the type of executive sub-committee which may at present be appointed by the board, and which only has such powers as may from time to time be delegated to it by the board. The management board will need to be given the powers necessary for the purpose of fulfilling its management role, though still under the supervision of the policy board.

"The main task to be given to this board will be to manage the business of the company in the same way as Table A of the Companies Act 1948 ascribes this task to the directors. This will mean that in general the existing duties of directors under the Companies Acts will apply in future to the management board except where they are specifically assigned in the new legislation to the policy board to enable it to perform the functions set out below.

"In the broadest terms the management board will be responsible for the running of the company subject to the overall supervision and control of the policy board.

"It will have special responsibility towards the policy board in a number of areas to ensure that the latter is in a position to carry out its functions and responsibilities. In particular, it will need to report regularly on prospective business policy and other fundamental questions and on such other important matters as may be specified by the policy board.

"Members of the management board may also be appointed to the policy board, but the majority of shareholder directors on the policy board should not come from the management of the company, since the independent supervision of management will be an essential function of the policy board.

Industrial Democracy, HMSO, price 50p.

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FINANCIAL TIMES REPORT

Wednesday May 24 1978

Cocoa

Like other food commodities such as coffee and sugar, cocoa has experienced some violent price fluctuations in recent years. A period of more stable values would be of benefit to all concerned — producers, manufacturing users and the consumer.

Prices hit the sweet tooth

By John Edwards
Commodities Editor

CHOCOLATE EATERS, faced with paying a great deal more for their favourite confectionery, can lay a great deal of the blame on the cocoa market. The price of cocoa—the most important ingredient in chocolate—has risen almost as spectacularly as coffee during the past three years. On the London cocoa futures market prices climbed from under £450 a tonne in May, 1975, to a peak of over £3,100 a tonne in mid-1977, and a shortage of immediately available supplies pushed the cost of "spot" cocoa even higher. Since then, like coffee, prices have come down to below £2,000 a tonne but they are still at an historically high level and tending to fluctuate wildly.

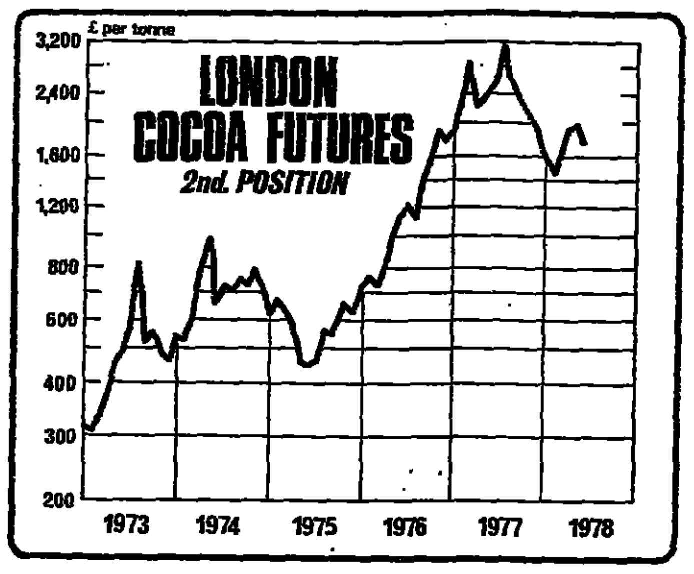
There is no single incident, like the Brazilian "frost" in the case of coffee, to account for the surge in the cocoa market. However, the price rise is attributed to a similar cause—a shortfall in supplies to meet increasing demand. The disastrously low world cocoa crop in the 1972-73 season severely depleted stocks, and although there was a good recovery in 1974-75, further crop setbacks left the world extremely short of cocoa.

Although cocoa is price-sensitive, with demand tending to follow the economic ups and downs, the effect of the high prices is delayed and smoothed out by the long supply pipeline between the crop being harvested and the chocolate bar being purchased by the public. General inflation also helped minimise the high price impact on demand so it took some time for consumption to start really plummeting.

Even now, although a surplus of production over demand is forecast this season, prices are still being held up by a shortage of supplies immediately available despite the drop in consumption.

There appears to be a fundamental shortage of production to meet potential demand, mainly because of the disappointing performance of some of the leading West African producers, notably Ghana. In 1964/65 Ghana produced a massive crop of over 560,000 tonnes. But this season production is forecast at a lowly 278,000 tonnes, even though there has been no weather setback to the crop. Nigerian production has also declined and been outstripped by Brazil and the Ivory Coast, which are now threatening Ghana's former prominence.

Production is being expanded elsewhere too, with Malaysia emerging as a possible important cocoa producer of the future. But there are distinct limits as to where cocoa can be grown successfully. It is confined to tropical climates, normally at altitudes less than 1,000 ft above sea level.



Suitable

Ghana and Nigeria are very suitable for cocoa growing. But it seems likely that future growth in supplies will come mainly from Brazil, the Ivory Coast and other developing produce countries. It can be argued that Ghana is pursuing a sensible policy in reducing its dependence on cocoa and as an additional benefit receiving more return for producing less, but the longer term implications are not good for the cocoa industry.

High prices and shortage of supplies are no recipe for future expansion. Already, it is claimed, the natural growth in demand for cocoa has been held back by the failure of production to expand sufficiently. The incentive to use less cocoa, or replace it with substitute materials or products, has been intensified by the recent period of high prices and supply scarcities.

The flexibility for using less cocoa by reducing the size of the chocolate bar has to a large extent already been utilised. So has a change of emphasis by confectionery manufacturers in favour of sugar-based confectionery. But work on developing substitutes for cocoa in its various forms—as a fat, powder or flavouring agent—has intensified as manufacturers seek to keep down the cost of their product.

Modern technology and research has developed a much wider range of available substitutes than in the past. If prices remain high and supplies scarce, it is obvious that substitutes will make even greater inroads into so-called "cocoa" products.

Producers are obviously aware of the danger, particularly Brazil and the Ivory Coast which are expanding their production as fast as possible to try to make up the shortfall in supplies. However, there is an obvious danger for producers if output is increased too rapidly and a sufficient surplus is created to push prices down to unprofitable levels—as has often happened in the past.

It is here that the International Cocoa Agreement can play a vital role in providing a guaranteed "floor" price to ensure that producers are rewarded with an adequate return for their efforts.

The agreement came into force in 1973 after 16 years of negotiations. But ironically it remains untested, since market prices have stayed well above the price ranges in the agreement which brings into operation a system of export quotas and a buffer stock operation.

Faced with this situation the agreement has had to be content with the compilation of statistics on supply and demand, and the building up of a big buffer stock reserve—obtained by a levy on exports—in case the market comes down into the agreeement's price range. At the same time there have been regular reviews of the price range with continuing pressure from producers to raise it to more "reasonable" levels and keep up with the inflation in production costs.

Negotiations for a new agreement to replace the present pact which expires in September 1979 are already under way and it is hoped that the U.S.—the biggest consumer of cocoa—will be persuaded to join in view of the more friendly attitude to commodity pacts shown by the Carter Administration.

Emphasis

The entry of the U.S. into a new agreement, while immensely strengthening the latter's chances of controlling the market, may also mean a shift in emphasis away from mainly protecting the producer countries in favour of more price stabilisation. In other words, if producers want price protection they will be expected to help create adequate supplies and if necessary reserve stocks, to try to ensure that consumers are also better protected against the soaring prices and acute shortages which in the past have made cocoa such a volatile commodity.

It remains to be seen whether vested interests on both sides can reconcile their differences. A useful start has been made with the creation of a new advisory group on the world cocoa economy, backed by the International Cocoa Organisation, which held its inaugural meeting in Berne at the end of January last. This provides a form for experts in the cocoa trade, rather than political representatives, to get together and discuss the development of the industry.

One radical change that is likely to affect the European cocoa trade in particular is the prospect of much of the future expansion in supplies coming in Brazil, which has traditionally served the U.S. with a product not much liked at present—and by the UK manufacturers in particular.

A trade delegation from Britain recently visited Brazil to see whether production techniques could be adapted to meet European requirements. Also discussed was the problem of the EEC import tariffs imposed on Brazilian cocoa products. As with many other commodities there is an increasing desire among producer countries to retain at least the semi-processing of cocoa into its various product form to provide additional earnings and employment not available if the raw material itself is exported.

Consumers, however, argue that it makes poor economic sense for the processing to be carried out too far away from the final market, although chocolate manufacturers would prefer to avoid paying import duties whatever the source of supply.

COCOA II

Chocolate makers pray for stable prices

CONSUMPTION OF chocolate-based confectionery in Britain fell sharply last year as the market recoiled under the impact of higher raw material prices. The main chocolate manufacturers however, appear to be hopeful that, provided there are no more nasty shocks from the world cocoa market, a period of stable raw material prices coupled with the continuation of a hard selling programme might slow the slide or even bring it to a halt.

Confectionery companies last year had to bear the full brunt of higher cocoa prices. Even Rowntree Mackintosh, which avoided the early repercussions of the recent price jumps and lived well for an all-too-brief spell on its fortunate forward purchases, finally had to learn to live with the higher costs.

During 1977 total cocoa bean imports into the UK cost £140.4m compared with £75.6m in 1976. After allowing for re-exports net imports were down by almost 14 per cent.

Naturally, retail prices have had to go up again substantially. The sweets and chocolate retail price index rose 22 points during last year compared with an increase of 15.8 per cent in the all-items index.

The biggest market losses appear to have been suffered by the companies making solid chocolate bars which contain the highest concentrations of the most costly raw materials—cocoa products. In spite of heavier spending on promotion and the introduction of some new products the overall decline in sales of this type of confectionery appeared to accelerate last year after several years of more sedate decline.

Figures from the Cocoa, Chocolate and Confectionery Alliance—the manufacturers' national association—show that in 1976 solid chocolate bars held a 16.7 per cent share of the UK chocolate confectionery market. This proportion fell below 15 per cent last year. It is argued that "count lines"—the products usually sold to "impulse" buyers at supermarket checkouts—appear to offer better value for money than the solid chocolate bar. And these commodities appear to have increased their market share dramatically.

They now have captured just short of 50 per cent of the market, compared with 46.3 per cent a year earlier. Liqueur chocolates and novelties also increased their market share, while chocolate assortments slipped heavily last year.

Overall consumption of confectionery containing cocoa and chocolate in the UK has been falling steadily. There was something of a hiccup during 1976 when domestic sales recovered by 5 per cent. But the trend was reinstated during 1977 with a drop of 3.7 per cent. Sugar confectionery sales went up 3 per cent for the second year in succession, a move suggesting that the market has now largely recovered from the upsets which followed the 1974 sugar shortage and price crisis. Sales of sugar-based confectionery slumped more than 10 per cent in 1975 when the round of retail price rises was at its peak.

DOMESTIC MARKET BY PRODUCT
(% share by volume)

	1973	1974	1975	1976	1977*
Chocolate:					
Solid milk or blended	19.8	18.7	17.4	13.7	14.8
Solid plain	1.9	1.8	1.6	1.4	1.1
Filled blocks, bars and countlines	43.0	42.5	45.2	46.3	49.6
Assortments	17.0	18.0	16.6	16.2	13.0
Straightlines	13.9	13.8	13.4	13.4	13.5
Liqueurs and novelties	4.4	5.2	5.8	6.0	8.0
	100%	100%	100%	100%	100%
tonnes	378,705	360,965	323,580	340,430	240,165
per cent		(−4.7)	(−10.4)	(+5.2)	(−3.8)
Sugar:					
Boiled sugars	30.6	29.0	28.7	26.6	26.3
Toffee and caramels	21.2	20.2	22.3	23.5	24.3
Gums/jellies/pastilles	12.4	12.5	12.8	12.8	13.0
Licorice	5.6	6.0	5.4	5.5	5.8
Chewing gum	4.5	4.5	4.5	4.9	5.2
Other	21.7	23.7	22.2	22.8	22.0
Medicated	4.0	4.1	4.1	3.9	3.4
	100%	100%	100%	100%	100%
tonnes	338,425	328,385	298,160	308,155	243,065
per cent		(−3.0)	(−9.2)	(+3.4)	(+3.0)

Source: Cocoa, Chocolate and Confectionery Alliance. * Nine months' figures.

Favour

In the 18 months from the beginning of January 1976 to June last year chocolate prices in Britain rose 42 per cent. The price of sugar confectionery on the other hand increased by a relatively modest 18 per cent. This has helped encourage the move away from chocolate and in favour of sugar products. Although for most of 1976 consumers appeared still to prefer chocolate in spite of the more rapid increase in prices, a distinct switch to the cheaper products became apparent especially in the second quarter of 1977 following a 16 per cent increase in chocolate product prices compared with only 3 per cent on sugar prices in the early part of the year.

Some market observers claim this accelerated switch is developing into a permanent trend. These are also some of the experts who regard chocolate as a "luxury" item in many domestic budgets and as such easily dropped from the regular or even casual shopping list, especially at times of economic stress.

This appears to be borne out to some extent by historical figures produced by the Ministry of Agriculture in its recently published compendium review of household spending on food in the first half of the current decade.

These show that during 1973 and 1974 when the economic prospects were at their blackest, consumption of cocoa and drinking chocolate fell badly even though prices in real terms were at their lowest for the whole five-year period 1970-1975. In 1970 on the other hand, when prices were 11 per cent above the average for the five years, demand was 34 points above the average. By 1973, when prices were 1[illegible] per cent below the five-year mean in real values, demand was 17 per cent lower.

Another sector of the food trade badly hit by the soaring cost of cocoa products is the biscuit trade. According to the Ministry of Agriculture's National Food Survey the consumption of chocolate biscuits in Britain fell 5 per cent last year as prices increased by 20 per cent. Sales of other types of biscuit rose 1 per cent.

However, makers have been encouraged by the slackening in the rate of raw material cost increases and now appear to be more concerned about the escalation in the bill for flour and ingredients other than chocolate, largely attributable to the forthcoming Green Pound devaluation and EEC membership in general.

Sales of chocolate-coated products, which account for about 20 per cent of the whole biscuit market in Britain, are reported to have recovered well in recent months. United Biscuits, for example, although its overall biscuit sales last year were recently reported as unchanged, claims that demand for chocolate-coated lines recovered towards the end of the year.

In the longer term there appears to be no major influence in the marketplace which is likely to damage the continuing overall rise in the consumption of confectionery and "snack" foods.

The average housekeeper is spending less on foods to be cooked at home and eaten from a plate at the dining table. More of the household income is being spent on eating out and eating "on the move." Spending on snacks, for example, now accounts for about 25 per cent of all domestic food expenditure.

The chocolate and confectionery companies, which are mostly heavily involved in all sectors of the £3.5bn a year snack food market, are looking to maintain their sales of cocoa-based specialities while at the same time expanding the already bewildering array of alternative sweets and savouries on offer. Given a spell of stable raw material prices they seem sufficiently well set-up to manage this and even to regain some of the ground they have lost.

Christopher Parkes

How companies have fared

THE STRENGTH of cocoa prices is something of a two-edged sword for those companies whose livelihoods are directly influenced by the levels of the soft commodity exchanges. The producers and the middle-men are having a bonanza. Among the consumers of cocoa—the manufacturing companies—the patterns of trade are much more mixed.

The spot price of cocoa broke upwards through the £1,000 a tonne level during the first half of 1976, since when the estate companies have not looked back. Plantation groups like Golden Hope, which is part of Harrisons Malaysian Estates, Consolidated Plantations and Plantation Holdings have all seen earnings usefully enhanced by cocoa production. But perhaps the most striking success story to emerge from the cocoa boom is that told by Gill and Duffus the international commodity broker, merchant and processor.

A vintage year was how Gill described 1977, with a profits performance that took in a pretax rise of 52 per cent to £20.4m. The company has now increased profits by 175 per cent in just two years, and although cocoa prices have eased down from their peaks of mid-1977, Gill is confident that 1978 will produce further earnings progress. According to the directors the current year is "shaping well."

Recent capital investment clearly paid off last year and once again Gill's strength as an integrated processor as well as commodity dealer was amply demonstrated. Its sugar interests—which are run in partnership with Jardine Matheson—again failed to make a profit, and trading in coffee was disappointing. But cocoa had an "outstanding year;" rubber, dried fruits and general produce all made progress and Gill's entry into the tea market showed plenty of promise.

This trading performance has not been lost on the stock market where Gill's share price has appreciated by more than a third this year. In contrast, equities as a whole have risen by little more than an eighth, with the cocoa users like Cadbury Schweppes and Rowntree Mackintosh moving broadly in line with market average.

Rowntree managed to increase pre-tax profits by around a third last year, pushing the total for 1977 up to £41.5m. It followed up this performance with a rights issue which is allowing the company to lift its dividend for 1978 by something like 60 per cent. But Rowntree could not emerge from 1977 without a substantial increase in its working capital requirements, while the report and accounts for last year made no bones about the outlook being distinctly hazy.

Nature

In his address to shareholders chairman Sir Donald Barron writes: "The year 1977 was one in which there were a number of favourable factors and perhaps rather less than the usual quota of unfavourable ones. In the nature of our international business we should not count on a repetition of this position in the year ahead. We must expect too that the relative market share position which has developed favourably for us in several important markets will lead to even more severe competition."

Clearly Rowntree went far longer into the cocoa market than most of its rivals last year—"our long cover position may well have given us an advantage in competitive marketing terms"—and the subsequent increases in market share are the major reason for its higher profits. Rowntree's sales volume in the U.K. rose by 3 per cent in 1977 compared to an industry average of just 1 per cent.

One of the more noticeable features of Rowntree in recent years has been its push for a larger and wider overseas base. Direct non-U.K. sales in 1977

CONTINUED ON NEXT PAGE

Shift in producer patterns

AT FIRST sight the basic pattern of world cocoa production would appear to have changed relatively little since World War II. Ghana is still the world's biggest producer and the same four producer "giants" still account for around three-quarters of the total crop—now a little below 1.5m tonnes. But closer examination reveals some fundamental developments which could signal a dramatic change over the next decade or two.

The most obvious of these is the decline in the relative importance of Ghana accompanied by a spectacular rise in Ivory Coast production. But possibly of more significance in the longer term is the steady advance of the Brazilian crop which threatens to achieve a dominance similar to that of its coffee crop before this century is over.

In 1946 Ghana produced 211,000 tonnes of cocoa, equal to over a third of world output, and by the 1964/65 season its crop had risen to 566,000 tonnes, or 47 per cent of the world total. Since then, however, the country's performance has been in steady decline, both in absolute terms and in terms of market share. In the current season Ghana is forecast to produce about 320,000 tonnes of cocoa—about a fifth of world output.

On paper Ghana has already lost its leading position to the Ivory Coast. The Ghana Cocoa Marketing Board recently confirmed trade estimates that this season's main crop purchases amounted to only 263,000 tonnes. Adding in an expected mid-crop of about 15,000 tonnes this indicates a grand total of about 278,000 tonnes, somewhat lower than the 290,000 tonnes generally forecast for the "official" Ivory Coast crop. But these figures are distorted by heavy smuggling of Ghana cocoa, mostly into the Ivory Coast, where producer prices are more attractive.

London dealers believe this "trade" amounted to between 30,000 and 50,000 tonnes, so the actual Ghana crop total will be at least 308,000 tonnes and the Ivory Coast's no more than 260,000 tonnes. It can only be a matter of time, however, before Ghana really does lose its lead. The main question is whether the Ivory Coast or Brazil will be the first to overtake it.

Varied

The reason's for Ghana's decline as a cocoa producer are many and varied, but most of them trace back to the declaration of independence in 1957. The subsequent performance of the cocoa industry illustrates the extent to which the country had depended on the managerial skills and technical expertise of its colonial "masters." Over the past 20 years the cocoa industry has simply been allowed to "grow old." The fully productive life of a cocoa tree is usually reckoned to be about 20 years but in Ghana many of the trees are now 50 years old and are producing less and less.

Ghana's cocoa farms are generally small, inefficient family units where the need for fertiliser application and the use of plant protection techniques are largely ignored. Labour is scarce, partly because of the notorious "Aliens Act" which sent home most of the foreign work-force, and the transport system in many areas is in a serious state of disrepair.

The most serious problem, however, is the inadequate return farmers get from their cocoa crops. In foreign exchange terms Ghanaian producer prices appear reasonable compared with those in other West African countries. But in terms of purchasing power it is a different story. Thanks to inflation the "real" value of the price paid by the Ghanaian authorities is claimed by some observers to be only £100 a tonne. In the Ivory Coast cocoa producers get about £600 a tonne and in Nigeria nearly £900. The situation is aggravated, moreover, by the poor availability of most consumer goods in Ghana.

This encourages large-scale smuggling by farmers who are close enough to the borders and discourages efficient production by those for whom smuggling is not feasible. The smuggled cocoa is often bartered for goods the farmers cannot obtain at home.

With returns as poor as these there is little incentive for farmers to employ non-family labour (even if it were available) or to spend extra money on fertilisers pesticides and fungicides to maximise their crops.

Efforts are being made to improve the crop and the Marketing Board sponsors extensive research into the breeding of improved species, plant protection, rehabilitation of inefficient farms, etc., but little progress has been made in persuading the farmers to adopt the new techniques. What the growers need most, according to one expert, is "some tangible encouragement in the form of better prices."

An unusually long run of adverse weather is often used as an excuse for Ghana's poor performance. But this same weather has not prevented the Ivory Coast and Cameroun, both former French territories, from achieving dramatic crop increases. In 1946 Ivory Coast production was 36,000 tonnes and Cameroun's 35,000. This season these two countries are expected to produce 250,000 tonnes and 110,000 tonnes respectively.

It may be significant that following independence these countries were less eager to be rid of their old "masters" than were the Ghanaians. French influence is still strong and has played a significant part in a positive policy of maximising cocoa production. Unlike the Ghana producers the Ivorian and Camerounian farmers have benefited directly from the recent upsurge in world prices and have responded by steadily increasing their crops.

With better weather the Ivory Coast could probably increase its real production to a little over 300,000 tonnes, but any further increase would require an expansion in the area devoted to cocoa. The country is nevertheless aiming to increase its annual crop to 500,000 tonnes by the end of the 1980s.

But a more likely candidate for the top spot in the world cocoa league is Brazil, which has been vying with Nigeria and the Ivory Coast for second place for some time.

Brazil's crop expansion since the war has not been particularly dramatic. Back in 1946 it was producing 140,000 tonnes and this season's output is projected at 249,000. But this decade's upsurge in world prices has led to a great increase in interest in cocoa and the country has set itself a target of trebling its output by the 1990s. This would take the crop to over 700,000 tonnes, a figure with which the other producers would be very hard pressed to compete. Most cocoa experts feel this target is rather optimistic but a very substantial expansion is confidently expected.

Brazil is of course a very different prospect to the West African countries. It has a much more sophisticated agricultural community and wide experience of the world soft commodity markets through its involvement with coffee, sugar and soyabeans among others. It also has a much stronger industrial base and is therefore in a better position to semi-process its cocoa before export.

Brazil has already built up its cocoa-grinding capacity to over 170,000 tonnes a year and boasts what is claimed to be the biggest grinding plant in the world in the $16m Bareto de Aranjo factory at Ilheus, Bahia. This plant is currently grinding 30,000 tonnes of beans a year and is aiming to double this eventually.

In the near term, however, prospects for a recovery in cocoa output in Ghana and Nigeria and for further expansions in the Ivory Coast and Brazil will depend largely on price trends. Many market observers have been surprised to see the world price holding up so well in recent months in spite of the unquestioned excess of current supply over consumption.

This season's surplus is forecast at between 80,000 and 110,000 tonnes and most dealers say the price will have to fall somewhat before any significant increase in consumption is achieved. But a modest fall from present levels of about £1,800 a tonne would still leave prices well above the £400 or £500 a tonne ruling at the beginning of this decade and would provide adequate incentives for a substantial rise in world production—provided, of course, a fair share of the money finds its way back to the growers

Richard Mooney

Companies

CONTINUED FROM PREVIOUS PAGE

accounted for just under half of the group total. The company also managed to put real power into lifting exports by 59 per cent in value and a full 27 per cent in volume terms.

Group profit margins widened by around a tenth to 8.8 per cent at the pre-tax level last year. Underlying this rise in efficiency has been the amounts that Rowntree has ploughed back into its business in recent years. In 1977 gross expenditure on fixed assets rose from £16.1m to £23.8m, of which roughly a third was in new plant outside the UK. Most of last year's capital investment went into projects aimed at increasing productive capacity.

Earmarked

Last year Cadbury Schweppes spent some £33.2m on new fixed assets—the bulk of it in the UK—and according to the 1977 report and accounts year-end capital commitments totalled £28.8m. Once again the major slice of this was earmarked for the domestic market, but as recent actions as well as statements from the company underline only too vividly, Cadbury is especially keen to increase its overseas earnings here.

A glance at the recent profits record helps explain why Cadbury is anxious to expand outside the UK. In 1977 profits rose just 4 per cent at the pre-tax level to £48.2m, with margins narrowing from 5.9 per cent of sales to 5.45 per cent. Within this performance the home operations were noticeably sluggish, contributing little more than a tenth to an overall rise of £4.5m in profits at the trading level.

At the half-way stage in 1977 profits at Cadbury were comfortably ahead but a combination of weak demand, high cost of financing additional working capital and the adverse impact of the recovery in sterling finally took their toll. The brighter spots were Canada, where operations moved out of the red, and real progress in Australia and Africa.

Clearly the company has an urgent need to improve the returns on its not inconsiderable assets. To this end the group aims to concentrate marketing and technical efforts behind its major brands. In pursuit of these objectives the management has mapped out a five-year plan.

A major key to this expansion programme is North America where the company has been active of late, notably in its proposals to acquire the U.S. confectionery group Peter Paul Inc. for some £32m. Paul's sales last year totalled $100m while net profits were in the region of $4.6m.

Paul ranks as a smallish confectioner when compared to the North American giants like Mars and Hershey Foods and its profits last year were to some extent inflated by tax credits. Hershey's performance in 1977 was much more typical of the industry, with earnings dipping by around 8 per cent. Hershey was established before the turn of the present century; its recent expansion included the acquisition of a 16 per cent shareholding in AB Marabou, a Swedish confectionery company.

The high cost of cocoa is one reason for the sluggish earnings performance last year by Nestlé, one of the largest food groups in the world and one of the most international of all companies. Well over 90 per cent of Nestlé's sales are achieved outside its native Switzerland: in 1977 net profits eased by just under 5 per cent to the equivalent of £244m.

Jeffrey Brown

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● ASSEMBLY

BL Cars gains two year lead

TWO YEARS is the lead claimed by BL Cars over its competitors with a new method and equipment for bolting cylinder heads to engines, which applies the exact load required, runs one or up to 14 bolts, senses when a bolt has bottomed or if a thread is defective and provides a corresponding warning.

If more than three bolts do not tighten correctly, the engine is taken off the production line for examination and correction of defects. This, however, is an extremely rare occurrence because suppliers have been under pressure to improve bolt quality.

Work has been in progress to prove the method, which was developed by SPS Technologies, for some two years at Longbridge and for the past nine months Princess 2200 engines have been assembled in this way.

According to Ray Bates, newly-appointed director-designate of Austin-Morris Product Engineering responsible for the engineering approval of the SPS system, this new method of tightening certain high-duty fasteners represents a major advance in engineering science. It is to be phased over to all other BL cars, present and future.

The development of the system has stemmed largely from the observation that torque control methods of measuring bolt tension were unsatisfactory in that the clamp load could vary between as much as ±35 per cent. This obviously can often lead to an under-tightened or over-tightened joint with the threat of bolt or stud breakages or thread stripping.

Engineering practice to get around this problem has been to use larger bolts to get the required clamp load, or to use more components than actually required, leaving 20 to 30 per cent of the bolt strength unused as a safety margin.

Experience gained in the work with BL Cars has shown that the SPS method has shown that it is possible to apply the SPS system without distortion of the engine bores and that the advantages of obtaining highly accurate and consistent clamp loads outweigh cost penalties that might be incurred if a joint has to be modified to take the SPS approach.

It is expected that over the next few years, the SPS method of taking joints to their yield point will permit the use of smaller bolts for critical applications and more compact and lighter assemblies will be possible.

BL Cars has found that with this method, it is not necessary to re-check or re-tighten at pre-delivery inspection or at the 1,500 mile service and its engineers expect the joint will last the life of the engine provided the head does not have to be removed for any other reason.

It is understood that several other European car makers including Volvo and BMW are now introducing the system for their own engine assembly lines.

More from BL Cars on 0527 64274: Grosvenor House, Prospect Hill, Redditch

● MACHINE TOOLS

Makers bar liability clauses

CURRENT EEC draft proposals covering product liability are causing concern among West European machine tool manufacturers. This stems from discussions at a recent meeting in Montreux of the 13-nation European Committee for Co-operation of the Machine Tool Industries (CECIMO) at which the UK was represented by delegates from the Machine Tool Trades Association.

CECIMO believes capital goods should not be included in the proposed legislation, also considered to be entirely inappropriate to machine tools. It considers that there has been a failure to appreciate the effect on costs imposed by the "strict liability" clause, which would necessarily entail not only expensive record keeping to determine the origin of all bought-in components, but also involve the addition of very costly protective insurance cover.

CECIMO considers that there must be a time limit of possibly three years from the occasion of an incident to the commencement of any ensuing legal action. An added complication for which no provision currently exists concerns the machine supplied to one market where it fully conforms to all existing safety regulations but is subsequently transferred without the knowledge of the manufacturer to another market with an entirely new set of safety requirements.

European machine tool makers also consider that goods produced to a customer's specification should involve the manufacturer only in respect of a manufacturing defect and not in design responsibility. Furthermore, they stress the vital need for absolute clarity in the interpretation and definition of "defect" and on this both the 1976 EEC draft directive and subsequent 1977 Strasbourg Convention document are totally unacceptable.

Machine Tool Trades Association, 62 Bayswater Road, London W2 3PH. 01-402 6674.

● MATERIALS

Gives better filtration

BY HEATING cloth in an oxygen-reduced atmosphere at carefully controlled temperatures, Siebe Gorman is now producing activated charcoal cloth with filtration properties superior to those of charcoal granules.

The final material is a woven material composed entirely of fibres of absorbent charcoal; it contains no supporting material or binder, but exhibits flexibility and strength comparable to those of conventional natural fibre textiles.

Tests made by the company show that the saturation capacity is at least as high as granular charcoal, and the absorption efficiency is claimed to be very much greater—due in the main to the greater surface area exposed.

Although Siebe Gorman has developed the material mainly for use in respirator cannisters, it foresees other uses: one of these might be in filter design in which a band of the cloth is drawn continuously across an input orifice. In addition, the flexibility allows pleating to be used, permitting very low resistance systems. More on 06333 61211.

Resins withstand stress

FLEXIBLE and highly adhesive epoxy resin formulations offered by Grilon (UK) retain their properties over a big range of temperatures and can be applied to many end-uses by adding other resins, pigments, fillers or fibrous materials.

Applications include the formulation of flexible adhesives for synthetic floor coatings, in which the products are used to bind rubber granules, flexible intercoats and top coats; and flexible casting joint materials, particularly in combination with liquid tars, with which both systems are compatible.

Tar-modified jointing compounds, resistant to oils, fuels and other aggressive substances, are typically used for sealing horizontal joints in concrete, aircraft runways, garage floors etc., and give an optimum balance between cost and performance. No special preparation of joints is required and there is no embrittlement on ageing.

Grilonit epoxy resins, hardeners and reactive diluents are made by Emser Werke A.G. in Switzerland. Grilon (UK) is at Drummond Road, Astonfields Industrial Estate, Stafford ST16 3EL. 0785 59121.

Knitted mesh cleans

A FLEXIBLE copper cleaning mesh, knitted from flattened copper wire, specifically intended for the plastics industry, but suitable for other industrial applications, is now available from Knitmesh, Clements House, Sanderstead Station Approach, South Croydon, Surrey CR2 OYY (01-657 0921).

Called Cadnit, it is produced as a seamless and continuous flat stocking about 125mm wide. The flat wire is said to provide excellent scouring properties but the soft copper cannot scratch precision steel surfaces. When the stocking is turned inside out a more powerful scouring action comes from the backs of the knitted loops.

In the plastics industry, extruder dies, screws and barrels, and injection moulding machines, can be cleaned effectively, but it is more successful if the machinery is hot, with a little industrial silicone grease as a release-aid.

The copper wire is said not to burn or fume on hot equipment, nor contaminate the end-product. Standard cartons contain two 50-metre rolls.

Stores more hydrogen

ALLOYS which absorb hydrogen in large amounts have been developed by a team of scientists at the Hebrew University, Jerusalem, as part of a project for research into future sources of energy.

One of the problems in using hydrogen for propulsion, for instance, is the storage of enough of the gas to give a vehicle a satisfactory range.

Hydrides can store far more hydrogen, chemically, for a given weight than it is possible to store under pressure as a gas.

The work at the university has resulted in the production of several alloys based on mixtures of iron, cobalt, manganese, aluminium and magnesium, among others. They are being patented and research is continuing to incorporate them in gas storage systems.

The research group, headed by Professor David Shaltiel, claims that its alloys, though slightly more expensive than other existing compounds, are competitive because of their higher absorption capacity and other properties.

● SAFETY

Cuts the power

WITH THE growing use of portable electrical appliances there is a greater risk of the operator suffering an electrical shock than with fixed equipment. Carelessness, ignorance, or wear and tear of cables or other parts can lead to a situation where the operator can come into contact with a live conductor. If this happens, the conventional fuse or circuit breaker would offer little or no protection to the unlucky person.

British Brown-Boveri has introduced on the UK market a miniature circuit breaker—the P181—which incorporates an electronic differential current sensor.

In the event of a person touching a live conductor, or any other situation which causes an earth leakage, the precise sensor detects the current imbalance and trips the circuit breaker. Any current differential of 10mA or over will trip the device, with a speed of better than 30 milliseconds at the rated differential current.

As well as this differential current sensor, the device provides conventional overload and short circuit protection, with rated tripping currents from 10A to 25A. The new circuit breaker can be integrated with ordinary miniature circuit breakers in a distribution point. It fits a panel cut-out of 35 x 45 mm, with a snap-on fixing to standard 35 mm DIN rail.

Available soon will be an extension unit containing a P181 combined MCB and ELCB, and fitted with a trailing plug and socket. This new unit will provide an additional degree of safety to personnel using portable electrical appliances plugged into circuits which do not have earth leakage protection.

British Brown-Boveri, Glen House, Stag Place, London SW1E 5AH. 01-828 9422.

Tyre check at a glance

EVERY VEHICLE driver, at one time or another, has conscientiously checked his tyre pressures with a gauge, only to find that they need no attention.

The problem is obviated by a tiny pressure monitoring device that is screwed on to each tyre in place of the dust cap, consisting basically of spring, diaphragm, and a visible piston. Provided that the white top of the piston can be seen occupying a small orifice at the tip of the unit, the pressure is acceptable.

A tyre check then consists of a walk round the vehicle looking for the white indicators.

Fitting is simple. Tyres are first accurately inflated to the normal, cold pressure. The monitor housing is then screwed on to the valve stem when the white piston will be seen protruding. An outer cap is finally screwed on so that it forms a level surface with the piston top. If the piston drops during vehicle use, tyre pressure needs attention.

More from Tireguard, 23 St. Augustine's Parade, Bristol (0272 293101).

● COMMUNICATIONS

Computing by Telex

ANY OWNER of a telex machine can link into Scicon Computer Services' Milton Keynes bureau using the telex as a terminal.

This gives thousands more companies the opportunity of using on-line computing services from Scicon without the need of capital investment in specialised terminals.

The secret of the link is a converter based on a Motorola 6800 microprocessor linked to the Scicon telex terminal. This converts the signals received over the telex into data which can be directly processed on Scicon's machines.

The telex converter was originally installed for a Scicon user, a larger American-owned, European-based, business equipment manufacturer. The company uses the system to consolidate the budgets of its many European subsidiaries. The European companies send the data via telex to Scicon.

The system has been designed for manual connections and auto/manual disconnections and although primarily conceived for incoming calls, outgoing connections can also be made.

Scicon, Brick Close, Kiln Farm, Milton Keynes, MK11 3EJ. Tel. 0908 56556.

● CONFERENCES

Corrosion no problem

NEXT OCTOBER experts in the field of corrosion prevention are due to meet to discuss which of the coating, spraying and other methods are more efficient and economical and, in fact, whether it is worth preventing the slow corrosion of plant.

This very debatable concept will be discussed on October 3 at the Institution of Mechanical Engineers, Birdcage Walk, London, SW1H 9JJ, when representatives from Imperial Chemical Industries, British Steel Corporation, BP, Shell and other large organisations will present their views.

Papers to be presented will cover painting, galvanising, metal spraying, plastics coating and the other processes but the main question to be posed will be the advantages of doing nothing but setting a 10-year life on plant and then scrapping it.

Road laying for farmers

AN EXTENSIVE programme of practical demonstrations of farm road construction will be given by the Cement and Concrete Association at the Royal Highland Show, Ingliston, June 20-23.

Farmers can witness the laying of a durable, maintenance-free concrete road suitable for all types of farm traffic, which they can undertake themselves. The whole construction process will be covered, including site preparation, placing, compacting and curing the concrete as well as the provision for different types of surface finishes, suitable for either vehicles or animals. In all, 12 demonstrations, each lasting 30 minutes, will be held during the show and a length of road, 50 metres long by 3 metres wide, will be paved.

The demonstrations will be held in collaboration with the Scottish branch of the British Ready Mixed Concrete Association, on a site permanently manned by members of the Cement and Concrete Association Advisory Division, who will assist farmers with technical queries.

● COMPUTERS

Wang makes a pass at IBM users

IN A MOVE which will mean more competition in a large section of IBM's small to medium machine market, Wang Computers has brought out two new systems based on its 2200VS processor—itself a new product—taking the company right up to the £200,000 level from around £30,000 previously.

It is a virtual machine offering easy conversion for IBM users, as well as the possibility of using powerful terminals each able to handle 1 Megabyte of memory. Large disc storage with an upper limit of 2.3bn bytes provides high capacity and the systems come with Cobol, RPG II, Assembler and Basic. Architecture and system concepts offer, as Wang says: "broad industry compatibility."

One of the most significant claims the company makes is that its systems are easy to manage in that they operate interactively by prompting. Thus no one needs to be a computing genius to work with them.

Instruction set format is identical to that used on IBM 360/370 and most of the IBM instructions are provided.

Input/output is controlled by individual microprocessors to take the load off the main unit and these have separate paths to main memory allowing concurrent operation with the central unit.

The WCS/60 can have up to 16 work stations designed to be "user friendly" as the jargon goes—that is operate in prompt mode—while the WCS/80 can have as many at 23 stations. Each of these has its own micro and they can operate in groups without having to interrupt the work of the main unit.

Magnetic tape can be used as well as printers and the customer has many options.

The latest move from Wang has brought it into a position from which it can bid in something like 80 per cent of the total computer market.

Wang Computers, Argyle House, Joel Street, Northwood Hills, Middx. Northwood 28211.

The Management Page

EDITED BY CHRISTOPHER LORENZ

How Britain should face up to today's technological revolution

BRITAIN is facing an acute dilemma. Economic growth of more than 3 per cent would probably provoke renewed balance of payments difficulties; unless, that is, there was a marked improvement in the efficiency of the UK economy, relative to the rest of the EEC, Japan, the U.S. and other industrial countries.

But if growth remains much below 3 per cent, there is no prospect of reducing the rate of unemployment. If it is only 2 per cent or less, then unemployment will tend to creep up to 3-4m. during the 1980s, thanks in part to the rapid increase in the labour force which is expected to occur over the next few years.

An improvement in our relative position would require a higher than average growth of labour productivity. But if the UK were to achieve average EEC rates of labour productivity growth in the next decade, unemployment could increase to 15 per cent of the labour force by 1991, that is over 4m. people.

This was the trade/growth dilemma posed yesterday by Professor Christopher Freeman, in which technical innovation was a "central" issue.

"The only escape from the dilemma, if we remain in a competitive market situation, is to produce exports which are competitive not so much because of high labour productivity and low cost, but because of design and technical features which make them less sensitive to the ordinary forces of price competition."

"Insofar as Britain is involved in world price competition with standardised products like steel, cars, TV sets and textiles, we must compete on high productivity, which involves factor-saving technical change, including labour-saving technical change.

"Insofar as we are involved in new product and new service competition, as with many engineering products, instruments, micro-electronics fine chemicals and consultancy work, we have to establish very high technical standards and ideally, technical leadership.

"If we fail, then in either case, we shall have to pay the price in increased imports and faltering exports. If it takes twice as many people to produce a ton of steel or a car in Britain, as in Japan or Korea, then in a competitive trading system the ultimate penalty is inevitable. Either they must work for much lower wages or many of them will be unemployed. If German engineering exports have a value/weight ratio twice as high as our own, then they may be able to afford living standards twice as high, because they are competing on product quality, design and technical leadership as well as on efficient production, and not on low wage costs.

"Technical change is a two-edged process. On the one hand it leads to the creation of completely new industries and occupations, such as the electronics industry or, in its day the automobile industry. On the other hand it can lead to the displacement of labour through increases in efficiency in existing processes of producing and delivering the goods and services, if they are not compensated by adequate increase in total demand for these goods and services.

"Sometimes, people tend to assume that these processes are automatically in balance, but it could be dangerous to over-simplify the process by which this balance is achieved. This is especially true of the major technical change now confronting us—the micro-processor revolution—which will both create many jobs and also destroy many jobs."

An abbreviated version of Professor Christopher Freeman's J. D. Bernal Memorial Lecture at Birkbeck College last night.

Creating more jobs than the micro-processor destroys

"THE importance of the micro-processor revolution is still completely underestimated in Britain, both in terms of its employment consequences and of its overall economic consequences. This is partly because the "automation scare" of the 1950s did not materialise, or *materialised* rather slowly and in a much less dramatic way than had been predicted by some of the early prophets of computerisation.

Micro-processors are extremely small, extremely reliable and extraordinarily cheap. Moreover they are coming in at a time when there now exists a fairly large pool of skilled people (although not large enough) already familiar with electronic computer technology and systems analysis.

The scale of applications in the UK has so far been too small to have perceptible effects on the aggregate employment trend. I am talking about the impact in the 1980s and 1990s, rather than the 1970s, and it will take a new cycle of investment in manufacturing and the services before the full consequences are felt.

But what has happened on a small scale already in the 1970s seems to me sufficiently indicative to warrant serious concern. If you take such areas as telecommunications, machine shops, automobile assembly, automated warehousing, printing and publishing, clocks and watches, then there is already sufficient evidence available in Europe, Japan and the U.S. to show that the labour displacing consequences may be very severe indeed.

We thus have a stark dilemma facing us. If we do not keep up with the international race in the use of micro-processor technology, then we risk becoming even more uncompetitive in terms of world trade, so that even before North Sea oil expires, the problem of growth and levels of employment in the British economy would be even more severe than it is today.

If we adopt this revolution enthusiastically in every branch of our economy and make it the cornerstone of our industrial strategy, then we also risk accelerating the scale of labour displacement, through the very success of this technical revolution, although this might ultimately be offset by some relaxation of the balance of payments constraint, by the job-generating effects of new technologies, and by an increase in total demand through cost and price reductions.

The success of any possible strategy of medium-term economic policy, with the exception of the Burmese strategy (isolating the UK from the world economy) would require a major planned national effort to develop and adopt micro-processor technology on a large scale. I say "planned national effort" because the speed and effectiveness of this technical revolution depends on major changes in our infra-structure which cannot by their nature occur spontaneously.

If we were to be successful in such a planned national effort, then the employment-generating consequences of the micro-electronic revolution might be more substantial. A deliberate aim of national policy should indeed be to maximise such employment benefits, not by preserving unnecessary inefficient jobs, but by creating new ones.

The micro-electronic revolution is not just "one more" step in the process of technical change or one more new product. It is far more significant for the active British economy than aircraft development or nuclear power, which at present constitute the largest part of Government-financed research and development activities. It is more important than the future of the car industry, which at present has the greatest Press coverage of any major industry. It is far more crucial to our future than the drug industry which makes the biggest profits or the steel industry which makes the biggest losses.

To achieve an improvement throughout the economy we need to recognise which are the "heartland" technologies—those which can give leverage over the whole system and raise its level of performance.

❛ Micro-electronics is far more important for Britain than nuclear power or aircraft development, which make up the largest part of Government financed research and development ❜

Steam power and electric power were such key technologies in their time. Today electronic information technology represents this "heartland" technology critical for our entire future. The capacity to handle, process, store and transmit information is now the critical technology for advance industrial countries both for industry and for services. At present this finds no recognition in our Government structures, in our research and development priorities, in our investment priorities, in our industrial strategy, in our education system or in our national thinking. It must find such recognition.

So far as R and D priorities and policies are concerned, the Rothschild reforms have created a framework which enables the necessary change in priorities to take place if the political will is there. The previous Chief Scientist at the Department of Industry, Sir Ieuan Maddock, recognised repeatedly that the major problem of British industrial R and D strategy over the past 25 years has been the complete mis-match between the pattern of our Government and industrial R and D expenditures, and the pattern of world exports.

Yet, despite his exhortations, the pattern has changed very little. We continue to spend far more on military and prestige-type projects than on the technologies which matter most. At the same time there is a powerful tendency to go on believing that we are top of the industrial R and D league table, 15 years after it ceased to be true. Not only is the scale of German and Japanese industrial R and D now twice as great as our own in absolute terms, it is also directed far more to those industries which matter most in terms of world trade: machinery, electrical goods, electronics, instruments, chemicals.

Yet we do have a national resource which could make an enormous contribution to the performance of the British economy, if its priorities and mode of operation enabled it to do so. The major Government laboratories, the Post Office and the smaller laboratories have together enormous scientific and technical resources, including very considerable computing facilities and skills, and a great deal of expertise generally in electronics. If these resources could be deployed effectively they could greatly assist the development and application of micro-processor technology throughout the economy.

Many people are highly sceptical about the ability of governmental laboratories to make this type of contribution to industrial and service technology. But there is a precedent for what I am talking about.

By all accounts, the achievements of British radar R and D were one of the great success stories of the second world war, and several historians have suggested that it was decisive on air, land and sea for our national survival. The whole of this effort was spearheaded by the Telecommunications Research Establishment (TRE), representation.

I emphasise the radar story particularly because later experience has shown that when governments spend money on big R and D projects, there can be a very strong tendency to pursue R and D objectives for their own sake, almost irrespective of the future markets: the future users and their requirements. This means that an R and D strategy only makes sense if it is one component of an overall industrial strategy which takes full account of future market possibilities, in the same way that the TRE took into account operational requirements.

It would be wrong to over-emphasise the role of government research establishments. *It is the performance of industry and the service sector* which matters most. Much of this will depend on the *behaviour and decisions of management* at all levels. But government economic and technological policies can create a climate which makes it easier for managers and workers to become aware of, to develop and to use new technologies efficiently.

In the specific case of the microprocessor revolution, a selective strategic procurement policy is particularly important, especially in the context of unemployment problems. The weapon of government procurement is a very powerful one. Government in any case is the buyer for a high proportion of all goods and services in the economy.

Keynesian demand management strategies often require that the government should vary these expenditures to secure employment objectives. But what is now required is Keynesian policy with a difference, that difference being that it should take full account of new technology. It should be a deliberate aim of industrial and economic strategy to achieve three major objectives through large-scale use of procurement programmes and public investment:—

● First to provide the infra-structure, particularly in telecommunications, which will enable the entire British economy to take full advantage of the micro-processor revolution in the 1980s. This may well imply a completely new structure and role for the Post Office, which would inevitably be at the centre of such developments.

● Second, to place orders for new applications of computing in a wide range of industries and services with the objective of enabling a large number of British firms to develop their knowledge and skills in relation to micro-processors and micro-computers. In total, the applications are much more important than the chips themselves. They also have very important potential for new employment.

● And third to enable firms in the electronics and related industries to achieve those economies of scale which are critical for efficient low-cost performance in this industry.

All of these objectives are fundamental to the success of any industrial strategy, and none of them can be attained without strong political initiative and leadership, and a type of decision-making which combines technological, economic, industrial and socio-political considerations. This type of thinking and decision-making is well-established in countries like Japan and is something we have to learn too.

If such a strategy affecting R and D infra-structural investment and large-scale government procurement were to be resolutely pursued over many years, then it would have two further implications, one for education and one for employment.

There are already shortages of skilled people in computing and electronics, and these will become more acute. At the same time we have a high level of unemployment, which may get worse. Wholehearted acceptance of the micro-processor revolution would mean even more upheaval involving the loss of old skills, jobs and workplaces and the organisation of new ones.

If it is not to be accompanied by a great deal of misery and insecurity then it must be accompanied by greatly increased provision of re-training facilities and of post-experience education. It must also be accompanied by resolute policies to secure a return to full employment. In the absence of such policies it seems to me extremely unlikely that the social climate will permit these changes.

Deliberate social policies, re-training policies, and employment policies are the essential accompaniment of radical policies for technical innovation, and would be equally essential for a British economic miracle."

Ashley Ashwood

Christopher Freeman, R. M. Phillips, Professor of Science Policy at the Science Policy Research Unit, University of Sussex.

BUSINESS PROBLEMS BY OUR LEGAL STAFF

Wear-and-tear allowances

I have property which I propose to let furnished at a gross weekly rental of £25 per week, less £86 rates per annum and management charges of £120 per annum. How much depreciation can I claim?

On the basis of an Inland Revenue Press release dated October 13, 1977, your local tax inspector is likely to agree to deduct an arbitrary wear-and-tear allowance at the rate of £110 a year, in calculating the annual assessments under case VI of schedule D, viz 10 per cent of (52 x £25 — (£86 + £120)).

Extracts from the Press release are set out below; there is no specific statutory authority for the rule of thumb proposed by the Board of Inland Revenue, and it is open to you to challenge it on appeal before the general or special commissioners if you consider it inappropriate to your particular circumstances. You may find useful general guidance in a free Inland Revenue booklet (IR27), "Notes on the Taxation of Income from Real Property," which is obtainable from most tax inspectors' offices.

"A year or two ago, the Inland Revenue became concerned at the variety of bases in use, in practice, of giving wear-and-tear allowances in arriving at profits from furnished lettings under Case VI of Schedule D. . .

"Inspectors were advised to accept either a renewals basis or a deduction of 10 per cent. of rents. In the interests of equity as between one landlord and another, any addition to the rent to cover rates or other sums for services which would normally be borne by a tenant (if the payments are material) are deducted from the rent before computing the 10 per cent. Where the 10 per cent. deduction is allowed, relief may not . . . be claimed for the cost of renewing items of furnishing or furniture.

"This new basis is being applied to new cases of furnished lettings which become assessable for 1975-76 or a later year for the first time. . .

It is hoped that the guidance now given to inspectors will eventually lead to greater uniformity of treatment."

An unequal partnership

Two people are in partnership, in unequal portions, the assets of the partnership being freehold properties. In the event of the partners not being able to agree on a course of action, be it in agreeing a new rent at a rent review, or a sale of one or all the properties, can the majority shareholder compel (and if so how) the minority shareholder to complete a contract if it concerns a genuine armslength transaction with an independent third party?

Although there is a process by which one of two joint tenants of land may apply to the Court for an order for sale in execution of the trust for sale of the land, such an order will normally not be made where there is a continuing partnership in being. Winding up the partnership is the only effective remedy.

An agent and interest

What, please, is the legal position where, for example, a broker or other agent retains for a time funds belonging to a client, as regards interest on such money?

The normal rule is that an agent would have to account for interest earned on his principal's money in the absence of any contrary provision in the contract of agency. But there may be a custom of a trade or profession which ousts that presumption.

*

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

LOMBARD

More privilege, more hardship

BY ANTHONY HARRIS

ONE MIGHT suppose that when skilled men cannot find anywhere to live near the available jobs, when students find it hard to get rooms near the campus, and when quite a lot of people are just plain homeless, and either squat or have to be sheltered by the local authorities at enormous expense, householders would be encouraged to make any spare space they have available to meet these needs. Indeed, this aim was set forward in a perfectly sensible official circular last year: "We need to develop a more versatile range of dwelling types . . . (and) to encourage sharing."

The facts are rather different, as one of our readers, a prominent citizen of Bradford, has discovered. Faced in 1961 with an appeal from the University of Bradford for student accommodation, he and his wife decided to let off some spare rooms (their children were growing up, as children do) to students. At first they offered meals, but this was a bit of a bore, so they provided a kitchenette and let still more rooms which were used by students in termtime and the children in the vacations—just the sort of thing which the DoE must have in mind when it talks of sharing and versatility.

No judgments

The rooms were let at virtually peppercorn rents, but our public-spirited reader duly recorded his income in his tax returns—a grand total of £418 over a period of 11 years after out-of-pocket expenses, duly taxed.

They discovered their reward for this service when in 1975 their children finally left home, and they decided to sell up and move to a smaller house. Some industrious clerk at the revenue looked up the files, and noted that the students, since they were provided with a kitchenette, were not "boarding with the family." They were duly assessed for capital gains tax of £275 on that proportion of the house not occupied by them over the ten years in which they had helped the university in this way (since the early period when the students ate with the family did not count).

One might call it bumbledom, but Mr. Bumble knew better. "If the law says that" he remarked "the law is a hass." The Inland Revenue, as we all know, makes no judgments. It enforces the law, however asinine it may be. The only thing to be said in its defence is that it is not quite so thuggish as the Customs.

Even as a pound-of-flesh operation, the enforcement of this law is mad. As our reader has discovered by searching through the Inland Revenue statistics, individual land and property assessments under £2,000 account for something like 18 per cent. of all capital gains tax assessments, but produce only 1 per cent of the revenue. The average cost of revenue collection is about 2 per cent of the sum collected, but CGT is notoriously more expensive to collect, and small assessments take a disproportionate amount of paper, ink and time. My own guess would be that just about the whole of the £3m-£4m collected in this way is spent on collection. The relief for small gains introduced in the budget this year therefore probably has a zero cost. Unfortunately it does not go far enough (though it might have covered this particular case) to meet the test of cost effectiveness, and will soon be devalued by inflation.

The social cost, however, is much more important. The DoE may write circulars about encouraging sharing—and indeed it is one of the few merits of the 1974 Rent Act that it did leave a householder sharing his own home (but not dividing it) with some right to repossess his own rooms. But unless he has a wife who is prepared to cook for the lodgers, he is still liable for capital gains tax; if he charges for her time or for his own, he is liable to find that the Revenue treats his house as a business and not a dwelling. He gets taxed not only on the income but on an *otherwise untaxable capital gain:* if property prices rise steeply enough, the whole operation is likely to show a loss. The law is indeed an ass.

Encourage

Of course the road to housing nonsense is paved, as usual, with good intentions. The exemption of owner-occupied houses from capital gains tax was meant, like so many things, to encourage ownership. Like the other privileges heaped on owner-occupiers, it has the side-effect of making things worse for the other half of the population.

This simple point seems to be impossible for the owner-occupier lobby to grasp, but it is true. Give owners tax exemption, and they can bid more for a house than a would-be landlord. Hence winkling. Give further aid to first-time buyers, and option mortgages to those too poor to get the full benefit of tax relief, and you bid up prices further. Give CGT relief for owners, but withdraw it for those wicked enough to let (at whatever rent) and you ensure under-occupation. Those of us who point out these facts are now called "housing radicals." A radical is someone who goes to the root of the problem.

Take some Fuchsias home from Chelsea Flower Show

GARDENS TO-DAY

BY ROBIN LANE FOX

CHELSEA Flower Show begins today for the public. Opening hours are 8.30 am until 8 pm at £4 a ticket; 8.30 until 8 pm on Thursday (£3); 8.30 until 5 pm on Friday (£2). It is not as cheap as it was, but no more is a rose-bush or a Magnolia.

If you can, go on Friday afternoon and hang on until 4.30 when many of the exhibits are sold off. If something has caught your eye earlier and the nurseryman is willing to sell it, book it in advance. Otherwise, you will probably be beaten to it at 4.25 by a queue of connoisseurs in herbaceous hats. Prices are not usually cheap, but you can see what you are buying: the cut-flowers, however, will often change hands for a little or nothing. My best buys have been Fuchsias, which can be multiplied, too, from cuttings. The Show Fuchsias are often trained into unusual shapes and are always thick with flowers.

You cannot choose a new Fuchsia from a catalogue. You have to imagine at least two colours, the skirt and the sepals, and you can never be certain which shade of mauve you will buy. On a show stand, they are at their best and you can pick them at their peak. They are also resistant to rush-hour.

Even if a few buds brush off in the 'bus queue, they will soon be replaced in any new home you may give them. The exhibitor will tell you about their hardiness: I am still very fond of the long-tubed plain secret ones which look so exotic.

Is the Chelsea Show the best in Europe? Only an entrenched Ghent *floraliste* would deny it. Its relative excellence, I think, lies in its greater range of garden plants, rather than in the Europeans' massed show-carpets of azalea, cineraria and calceolaria. Of course the garden ornaments are still mock-rock bottom: the Italianate copies of 'Georgian' shepherdesses seem to me to be as unplaceable as outright garden Pinocchios. Save your money for something else. Could we not have some simple modern sculptures at middling prices, sculptures, too, which did not have worrying holes in them or look like contortions from the Perfumed Garden?

Twisted abstractions do not suit a smallish patch of flowers, if only because the lines of almost every plant except that hazel which still sells as Harry Lauder's Walking Stick are themselves quite simple and straightforward. If you do end up with a porcelain-white statue of a milkmaid playing the pipes, remember that you can encourage the growth of moss, lichen and other natural surfaces on her glaring material. You should keep a bottle of milk until it has turned sour and then paint it onto the imitation stone. Unless the air is too polluted for them anyway, it will hurry up the lichens and help to take the edge off her.

Among Chelsea's garden plants, do not miss the smaller ones, the alpines and so forth. Most of them do not have to be grown between incongruous rock: they are no less happy as a border, edging roses or herbaceous plants. At most, the rocks give their roots a cool run, something which you can contrive on the flat by placing pieces of slate or chipped stone round your plant's necks. Rocks have other attractions for a few special plants, but you are unlikely to bother with these as a first choice. Which, though, are worth it at home?

If you wonder whether some of Chelsea's unusual stock would ever show up in the rougher world of your garden, I would speak up for many of this year's 'alpines' not least because they have already proved happy in any garden where they are left alone. Consider the newish variegated perennial Forget-me-not, a typical Chelsea plant. It is not cheap: we are not yet bored with it and several stands are showing it well in ones and twos.

After three years, with me, it has proved its worth and should go on to your list. Sold as *Brunnera Macrophylla* variegata, it has a big leaf, rough like the leaf of a Borage. Its centre and edges are strongly marked with brownish cream, a pleasant contrast to the bunches of forget-me-not blue flowers which show up in mid-May. It does not spread very quickly, unlike the plain green form. I think it very handsome, especially if you choose a plant with prettily patterned leaves. It will grow in dry shade.

The Saxifrage is another fine Chelsea family, and I think to myself every year that we do not make enough of the encrusted varieties. These are the ones whose leaves are silvered and grouped in tough rosettes like a House Leek's. Some are a fine sight whether or not they flower, especially the silvered Southside Seedling and the famous Tumbling Waters, a variety which flowers once, then dies back.

Well shown this year they may persuade you that six or ten would enliven any bank or dry wall, however, small your garden. It is almost impossible to kill them. When the flowers come, they are long plumes of white and red-spotted small flowers, arching out from the low clump of leaves. Southside Seedling, *Canis Dalmatica* and *Labradorica* from Ingwersens of East Grinstead would make a handsome group. Try to plant them on their sides, almost vertically, on a steep slope or between the stones of an open-topped dry wall.

The creeping forms of *Phlox*, finally, are well timed to show up at Chelsea in late May. Mostly from North America, they are at their best in the garden now too; they have been improved by selection over the years. Those bilious pink forms of *Subulata*, which are still sold in chain stores and church bazaars, have been left far behind. I happen to like the brilliant crimson magenta Temiscaming, named after the mayor of a small Canadian town. Some think it too strong a colour, but it grows fast and shows up brilliantly over several square feet.

Trim it hard after flowering in order to stop the bare patches in the middle of its mats. *Chattahoochee* is a welcome new deep violet companion with a dark eye which seems to me to be a buy: pale lavender *Benita* and the taller blue and white forms of shade-loving *Stolonifera*, sold as Blue Ridge and Arlen, are too good to leave out while you are about it. These seem small plants, necessarily, in a raised bed on a table at Chelsea; among the new pinkish Clematis, miniature green roses, and brown-leaved *Phormiums* you might miss them. But at maturity they make big mats, as brightly-flowered as those gloriously double Begonias.

To go to Chelsea and only to look at the obvious sights is to miss *one reason why this*, despite the predictable hard core, is still the best flower-show, too, in its class.

Trevor Humphries

Model "Tommy" relaxes in one of the garden displays at the Chelsea Flower Show, which opened to the public today.

Ile de Bourbon may dominate at Goodwood today

RACING

BY DOMINIC WIGAN

SOME well thought of Epsom candidates, including Antler, English Harbour and Home Run, are due to line up for this afternoon's Predominate stakes, over the full Derby distance at Goodwood and ante-post backers have been quick to move in, anticipating encouraging runs.

Last week, Antler a Northfields stable-mate to Leonardo da Vinci, was the subject of some fair-sized each-way bets. While yesterday and on Monday, Beckhampton's Home Run was all the rage with several firms.

Both ought to go well — as should the Queen's English Harbour — without perhaps being good enough to peg back Lester Piggott's mount Ile de Bourbon, who is not engaged in the Derby.

Ile de Bourbon, a half-brother by Nijinsky to the champion stakes winner Rose Bowl, made it clear that he would soon be losing his maidens certificate when failing by just a short head to catch Shirley Heights at the end of the Heathorn stakes on 1,000gns day at Newmarket, three weeks ago.

His conqueror showed there was nothing wrong with the form when establishing himself as Derby favourite with that eye-catching performance in the Mecca Dante stakes at York, and it will take a brave backer to oppose Ile de Bourbon in receipt of the 8 lbs maiden allowance here.

I anticipate his giving further encouragement to an already optimistic John Dunlop with a clear-cut success over Antler, who is sure to have derived considerable benefit from his much needed run in the Heathorn stakes.

The benefit of a previous outing can often prove the deciding factor at this time of the year, in a two-year-old race particularly, and it could be that the locally-trained Galivanter filly Tilting will beat some well-thought of debutantes for experience in the Cucumber stakes.

GOODWOOD

2.00—Realert***
2.30—Romara
3.00—St. Anthony
3.30—Ile de Bourbon*
4.00—Roses All The Way
4.30—Sky Jump*

ENTERTAINMENT GUIDE

CC—These theatres accept certain credit cards by telephone or at the box office.

OPERA & BALLET

THEATRES

GREENWICH THEATRE. 858 7755. Evenings 7.30. Mats Sats. 2.30. THE ACHURCH LETTERS. A play by Don Taylor. "Sura Kesleman is superb as Achurch . . . Julian Curry is a splendid Shaw." FT

HALF MOON THEATRE. 480 6465/488 4196. "WE CAN'T PAY! WE WON'T PAY!"

SAVOY. 01-836 8888. Evenings 8.00. Matinee Wed. 3.00. Sat. 5.30, 8.30. RALPH RICHARDSON. Michael GAMBON, Michael JAYSTON, Gary BOND, Joanna VAN GYSEGHEM, Geoffrey KEEN in ALICE'S BOYS. "A JOLLY GOOD EVENING OUT." F.T.

SAVOY THEATRE. 01-836 8888. Opening June 13 TOM CONTI in

TV/Radio

†Indicates programme in black and white

BBC 1

6.40-7.55 a.m. Open University. 9.38 For Schools, Colleges. 10.45 You and Me. 11.00 For Schools, Colleges. 11.40 Cricket: Prudential Trophy: England v. Pakistan. 12.45 p.m. News. 1.00 Pebble Mill. 1.45 Bagpuss. 2.01 For Schools, Colleges. 2.40 Cricket: The Prudential Trophy: England v. Pakistan. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Great Grape Ape and Bailey's Comets. 4.50 The Secret Life of T. K. Dearing. 5.35 Roobarb.

5.40 News.
5.55 Nationwide (London and South-East only).
6.20 Nationwide in Europe, "live" from Brussels.
6.50 The Wednesday Film: "Matchless," starring Patrick O'Neal.
8.30 The Liver Birds.
9.00 News.
9.25 The Dick Emery Show.
10.00 Sportsnight.
11.00 Tonight.
11.40 Weather-Regional News.

All Regions as BBC 1 except at the following times:—

Wales—4.50-5.10 p.m. Scooby Doo (cartoon). 5.10-5.40 Bilidowcar. 5.55-6.20 Wales Today. 6.50 Heddiw. 7.10 The Crowded Sky. ‡18.00-8.30 In Our Nature. Between 10.00-11.00 (During Sportsnight) Wales Down Under: Welsh Rugby Union Tour of Australia. 11.41 News for Wales. 11.42-12.02 a.m. Snooker.

Scotland—5.55-6.20 p.m. Reporting Scotland. 11.40 News and Weather for Scotland.

Northern Ireland—3.53-3.55 p.m. Northern Ireland News. 5.55-6.20 Scene Around Six. 9.25-10.00 Spotlight on Northern Ireland affairs. 11.40 News and Weather for Northern Ireland.

England—5.55-6.20 p.m. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40-7.55 a.m. Open University.
10.25 Gharbar.
11.00 Play School (as BBC 1 3.55 p.m.).
1.20-2.45 and 3.45-7.00 p.m. Cricket: The Prudential Trophy: England v. Pakistan.
7.00 News on 2 headlines.
7.05 Mr. Smith's Flower Garden.
7.30 Newsday.
8.15 Bioscope Days.
8.25 Landscapes of England.
9.00 Chelsea Flower Show.
9.30 Play of the Week.
10.45 Arena: Rock (The Tubes on Tour).
11.20 Late News on 2.
11.30 Cricket. The Prudential Trophy: England v. Pakistan (highlights).
12.00-12.10 a.m. Closedown: Mervyn Levy talks about "Orpheus" by Gustave Moreau.

LONDON

9.30 a.m. Schools Programmes. 12.00 Here Comes Mumfie. 12.30 Sounds of Britain. 1.00 News plus FT index. 1.20 Help! 1.30 Crown Court. 2.00 After Noon. 2.25 General Hospital. 3.20 The Rolf Harris Show. 3.50 The Electric Theatre Show. 4.20 How. 4.45 A Bunch of Fives. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames at 6.
6.35 Crossroads.
7.00 This Is Your Life.
7.30 Coronation Street.
8.00 Cilla.
9.00 Faces of Communism.
10.00 News.
10.30 The Mid-Week Match: England v. Hungary.
11.45 Night Gallery.
12.25 a.m. Close: Joan Scott reads a poem by Elizabeth Jennings.

All IBA Regions as London except at the following times:—

ANGLIA

1.25 p.m. Anglia News. 2.00 Houseparty. 3.20 The Andy Williams Show. 5.15 Mr. and Mrs. 6.00 About Anglia. 11.45 Baretta. 12.40 a.m. The Big Question.

ATV

1.20 p.m. ATV Newsdesk. 3.20 Beryl's Lot. 3.50 The Sullivans. 5.15 Mr. and Mrs. 6.00 ATV Today. 11.45 Drive-in.

BORDER

†1.20 p.m. Border News. 2.00 Houseparty. 3.20 Survival. 5.15 Mr. and Mrs. 6.00 Lookaround Wednesday. 11.45 Gibbsville. †12.35 a.m. Border News Summary.

CHANNEL

1.18 p.m. Channel Lunchtime News and What's on Where. 3.25 Friends of Man. 6.00 Channel News. 6.10 Castaway. 10.28 Channel Late News. 11.45 In Concert: Bilbo Baggins. 12.40 a.m. News and Weather in French, followed by Epilogue.

GRAMPIAN

9.23 a.m. First Thing. 1.20 p.m. Grampian News Headlines. 3.20 Paint Along with Nancy. 3.50 Survival. 6.00 Grampian Today. 6.25 Police Newsroom. 11.45 Reflections. 11.50 Mavis—Wanting to Know. 12.20 a.m. Grampian Late Night Headlines.

GRANADA

1.20 p.m. This Is Your Right. 3.20 Untamed World. 3.50 The Jetsons. 5.10 What's News. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Mr. and Mrs. 11.45 Gibbsville.

HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Houseparty. 3.20 Survival. 5.15 Betty Boop. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Bristol to Bond Street. 11.45 Police Woman.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion y Dydd. 4.20 Miri Mawr. 4.30-4.45 Un Tro. 6.00-6.15 Y Dydd.

HTV WEST—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

1.25 p.m. News and Road Report. 2.00 Women Only. 3.20 Paint Along with Nancy. 3.50 Mr. and Mrs. 5.15 Teatime Tales. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Wilkie on Water. 11.45 Late Call. 11.50 Pro-celebrity Snooker.

SOUTHERN

1.20 p.m. Southern News. 2.00 Houseparty. 3.20 Boney. 5.15 Betty Boop. 5.20 Crossroads. 6.00 Day by Day. 11.45 Southern News Extra. 11.55 The Bullin's Grand Master Darts Championship.

TYNE TEES

9.25 a.m. The Good Word, followed by North East News Headlines. 1.20 p.m. North East News and Lookaround. 2.00 Women Only. 3.20 Stars on Ice. 5.15 Happy Days. 6.00 Northern Life. 11.45 Landscape. 12.15 a.m. Epilogue.

ULSTER

1.20 p.m. Lunchtime. 3.20 Out of Town. 4.18 Ulster News Headlines. 5.15 Solo One. 6.00 Ulster Television News. 6.05 Crossroads. 6.30 Reports. 11.30 Horses in Our Blood. 12.00 Bedtime.

WESTWARD

12.27 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 3.25 Friends of Man—Animals of New York City. 6.00 Westward Diary. 10.28 Westward Late News. 11.45 In Concert—Bilbo Baggins. 12.15 a.m. Faith for Life.

YORKSHIRE

1.20 p.m. Calendar News. 3.20 The Runaways. 5.15 Mr. and Mrs. 6.00 Calendar (Emley Moor and Belmont editions). 11.45 Darts: The Bullin's Grand Masters Championship.

RADIO 1 247m

RADIO 2 1,500m and VHF

RADIO 3 464m, Stereo & VHF

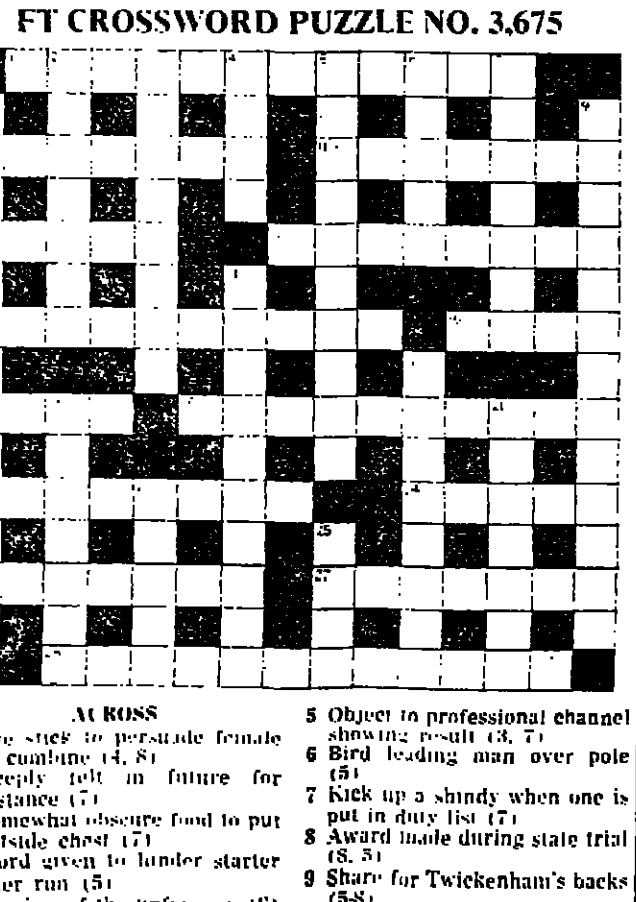
RADIO 4 434m, 330m, 285m and VHF

BBC Radio London 206m and 94.9 VHF

London Broadcasting 261m and 97.3 VHF

Capital Radio 194m and 95.8 VHF

FT CROSSWORD PUZZLE NO. 3,675



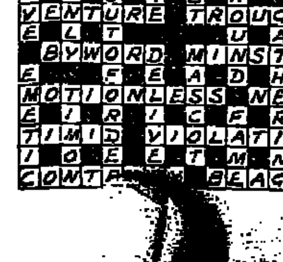
ACROSS

1 Use stick to persuade female to combine (4, 8)
10 Deeply felt in future for instance (7)
11 Somewhat obscure food to put outside chest (7)
12 Word given to lander starter after run (5)
13 Member of the unfair sex (8)
15 What junior trade missionary is expected to do (3, 7)
16 Part of Middle East the Provisionals question (4)
18 An old railway charity (4)
20 Small Sussex town gains victory over big League club (10)
22 Unusually dry asset on which one doesn't work (4, 4)
24 Odds on pest being a mackerel catcher (5)
26 First light on students' union backing salary increase (7)
27 Novice gives pound to breadwinner (7)
28 Invitation to drink at advocate's official launching (4, 2, 5, 3)

DOWN

2 Left in the lurch and dropped (3, 4)
3 Parliamentarians not back and presiding over 28 (5)
4 Love writer to start (4)
5 Object to professional channel showing result (3, 7)
6 Bird leading man over pole (5)
7 Kick up a shindy when one is put in duty list (7)
8 Award made during state trial (8, 5)
9 Share for Twickenham's backs (5-8)
14 Mansion offering line on form (6, 4)
17 Communication enclosing upper-class house and land (8)
19 Mother of sound belonging to secret society (7)
21 Shrub in gray's been replanted (7)
23 Doctor one will bore (5)
25 Fool caught by chance (4)

Solution to Puzzle No. 3,674



Television

Unanticipated pleasures by CHRIS DUNKLEY

It has been one of those weeks when the most pleasurably anticipated programmes have failed to come up to expectations, and the real treats have come from obscure bits and pieces which the broadcasters have done their best to hide, or at any rate from the places you would least expect.

Last Wednesday evening, for instance, with BBC1 offering a repeat of a *Dick Emery Show* and a programme about the deeply boring Andrew Young, and ITV tendering *News At 10* and yet another game of football (or "kickball" as Maisie in the Perishers insists on calling it to distinguish it from "bitball") in a season that has already gone on too long though I am assured it has scarcely even started, one settled with relief on BBC2 and its promise to give us the *Play Of The Week*.

After all, the BBC has a high reputation in drama so it seems quite reasonable to expect something rather special from a production described in big letters as the *Play Of The Week*. However, the actual title in much smaller letters—"Ice Age"—offered a *far* more accurate guide to what we were in for: something very long, cold, and *monotonous*.

Starting with the longest and silliest piece of stage "business" in the history of TV drama, with an old lady trying to hang up a flag and claiming to be stranded on her chair, it moved on—at a speed that would make underwater Ibsen look brisk—to deal with its main subjects of an old quisling, a young partisan, and the problems of guilt, responsibility, and age.

There were moments when it was possible to admire Anthony Quayle's wilful old man, mixing the characteristics of child and sage; and occasional lines suggested insight. For instance the old man's wife, Vera, says (I quote from memory) "As a young girl you move into the country to please your husband, and you find yourself running across the meadows barefoot, and you think it is just one of your husband's whims—and then you find it was your whole life," and there was great poignancy in the moment. But two or three isolated moments do not make a two-hour drama.

It seems that this play has recently been a big success for its German author, Tankred Dorst, in his homeland, and of course it is right that the BBC should always be on the alert for new talent whenever it appears in the world of drama. Yet it was pretty clear from this British première that while the play might appeal to a German audience (assuming you could find one that was backward looking and intense enough) it was hardly likely to set the Thames on fire.

Yet Wednesday evening was not a dead loss. The moment that *Ice Age* came to the end of its frozen waste on BBC2, *Baptising* started on ITV. True, nobody claimed this was the play of the week, in fact it was hidden just about as effectively as it could possibly be: it was transmitted only in the London area, did not start until nearly midnight, and received from TV Times a billing measuring less than one single-column-inch which omitted to give the name of the director, producer, cameraman, writer, or any of the cast, and even failed to indicate that this 50-minute filmed drama was made by the Canadian Broadcasting Company. More absurd still, it was announced under the main heading "Fireside Theatre" as though it were part of a regular cosy winter series when in fact it was a *summary outdoor production*, standing entirely on its *own in the slot normally filled* by *Night Gallery* (which, cod-horror fans will be glad to find, is back tonight).

Anyone who managed by design or inertia to see the programme despite all those difficulties—even coming in long after the start as I did—was afforded a rare treat: a film about adolescence which was neither cloying nor callow yet which managed to capture the mixture of aching "*splendour in the grass*" and crazy hilarity which can *so* totally possess youthful lovers.

Writing and acting successful convincing drama about the quality of being a teenager is extraordinarily difficult because it can be foreseen that every single member of the audience will bring to it a high level of critical expertise. We have all been teenagers. On the other hand very few of us have been (say) Nazi sympathising nonagenarian Norwegian Nobel prize winners.

Yet *Baptising* rang with real experience and with a startling honesty in the description of that experience; it had about it the sort of truth that we seem to get in our own television drama only when someone is preaching to us about the homeless or the mentally disturbed. Though it had quite a lot to say about religion (as picked up on the rebound by the boy who had been in trouble with the law) *Baptising* was not itself concerned with preaching.

Canadians whose views I respect say that their television has suffered traditionally from feelings of inferiority induced partly by the quality of the imported British product and partly from the quantity of the ubiquitous American product. But so long as Canada can turn out films such as *Baptising*, feelings of inferiority are misplaced. If CBC is harbouring any more like it perhaps Thames would do us the favour of importing them.

Another programme which seemed to promise something rather special was BBC 2's *World About Us* on the work of specialist photographer Stephen Dalton called "Secrets on the Wing." After seeing the astonishing close-up action shot of a Black Witch moth on the cover of Radio Times it seemed fair enough to expect a programme something like the classic *Making of a Natural History Film*. In the event it was something like—but not enough.

The main difference was that whereas Oxford Scientific Films make moving films which can, of course, be shown on television (remember the stickleback in the pike's mouth?) Stephen Dalton makes stills—in fact the essence of his art is to freeze the fast moving insect in a moment of flight — and although his pictures can, obviously, be shown on television, their complete lack of motion seems odd after all the years we have spent since *The Living Desert* watching movie film of animals in close up. No doubt Dalton's *books* are stunning.

The second drawback was that Dalton was not (naturally enough) about to give away the details of his unique high-speed shutters. So the programme told us everything we wanted to know about the problems he has had to overcome—except the answers.

Still, the mild disappointments caused by "Secrets On The Wing" and BBC2's "story in melody-rock," *Curriculee Curricula* on the following night which was never quite bold enough to leap right into the fantasy it seemed to be striving for (the fantasy of the same channel's *Through The Looking Glass* series for instance) were more than compensated by the delights of *Cross Question*, *Rosie* and *The Man Alive Report*.

On *Cross Question* the pleasure was in the discovery, at last, of a man (Nicolas Walter) tough enough, fast enough, and clear headed enough to pounce on a politician every time he evaded the question, shifted his ground, or sought to blur the issue. Norman St. John Stevas's arguments about compelling schools to teach Christianity were left in tatters.

In the opening episode of the second series of *Rosie* the enjoyment came from the recollection that this was not just another half-hour sitcom but a series written by Roy Clarke with all the delight in the incongruous which characterises his own *Last of the Summer Wine* and Peter Tinniswood's *I Didn't Know You Cared*. "I'm going to take you home, stuff you full of calories, and then we can take a quick look round my new black bra," Pc Penrose was told by the drooling Gillian as she leaned out of Daddy's Jag.

But most welcome, because most unexpected of all, was the sanity of last week's *Man Alive Report* in which content had at last returned to being more important than form. In this salutary investigation by reporter Michael Dean and producer Julian Cooper of Britain's scornful attitude towards engineers the participants did not squat on poles, the confusing half dozen presenters had been reduced to one, and there was not a single bar in the studio. With television you never know what to expect next: welcome back *Man Alive*.

Jennifer Munro and Michael McVarish in 'The Baptising'

Old Vic

Les Parents Terribles

by B. A. YOUNG

One factor apart, the story of Cocteau's *Les Parents Terribles* (known in English by the punning title *Intimate Relations*) is material for a conventional boulevard drama. The family of young Michel are appalled when he spends a night away from home without telling them where he is. (He is 22, but very much a mother's boy.) Without much trouble, they learn that he was with a girl, and they react sensibly. Dressed in their best, they pay a call on the girl to assess her character. Leo, the helpful aunt, is enchanted; Yvonne, the neurotic mother, is satisfied; but Georges, the respectable father, finds that his son is courting his own mistress, Madeleine.

The missing factor is what caused the scandal when the play first appeared in 1938. I said that Michel was a mother's boy. Cocteau has so emphasised this relationship that it could easily be, and indeed was, interpreted as incestuous. The triangle situation does not concern Madeleine, Michel and Georges so much as Madeleine, Michel and Yvonne.

Within these enlarged boundaries, the play is still basically a boulevard piece. The plot has the neat artificiality of an opera libretto, and the dialogue is never allowed to veer into any subject that is not strictly relevant. The boundaries actually go beyond a mere suspicion of incest, for the contest of mother and girl for Michel may be held to represent the competition of old claimants and young claimants for a young man, a matter probably as common in the world of Cocteau as in the world of Lytton Strachey.

What keeps the play valid is the richness of the acting material. The dialogue is written with continued passion, and if sometimes we feel that, like Omar, we hear only "great argument about it and about," at least the argument is colourful and dramatic. Lila Kedrova's Yvonne, shifting from tears to her familiar hoarse laugh and back again in a flash, is frighteningly convincing — so much so that it seems odd that no one does more so save her when she finally poisons herself, as they must have known she would. Her dumpy figure in its red dressing-gown by Nina Ricci contrasts tellingly with the guardsman figure of France Delahalle's sensible Leo, also well played.

Jean Marais, Michel in the first production, has moved up a generation. Vast, dignified and grey, he carries off his embarrassing situation with confidence, his voice now a bear's growl capable of great authority. His son (Pierre Malet) is ultra-boyish, jumping on his mother's bed like a trampoline to express his excitement and embracing this particular terrible parent with enough intimacy to confirm the worst suspicions. It would do him a lot of good to marry quiet, composed Madeleine (Anne Ludovick), whose salon is lined with shelves bearing richly bound sets of volumes. "Tu as lu les classiques?" Michel asks her lightly, and from the tidiness of those shelves he had reason for his doubt. He does a spectacular faint when he is reunited with her in the last act.

Jean Marais himself is the director. His problem is to keep the semblance of action during long static conversations, and he solves this well enough by making the characters walk about the rooms.

It's for the acting I recommend a visit. The fire in the play has been dimmed by the permissive ambience of our day, but the players are not to be missed.

Elizabeth Hall

Musica Reservata

Commendably, Musica Reservata have never sought to make their concerts of early music superficially attractive by deploying vast numbers of medieval and renaissance instruments on the stage, and by "orchestrating" the accompaniment to their vocal numbers with multicoloured effects or flourishes of added percussion.

They took restraint of instrumentation to the opposite extreme on Monday, when they presented a programme contrasting the *villancicos* of 15th-century Spain with the contemporary work of Josquin des Pres. Not so much as a solitary drum beat accompanied the familiar, bouncing strains of *Passe el agoa* or *Rodrigo Martines*. Instead, only viols or rebecs with a soft wooden flute above them provided the background: we were able to concentrate instead on the distinctive vocal sounds of the consort.

Though Michael Morrow's approach to this vocal sound has not been significantly modified during the decade or more that his invaluable group has been performing, his personnel have changed. It was a pleasure to hear, in addition to the reliably characterised sounds of Jantina Noorman (and the less reliable ones of Edgar Fleet) two young singers whose approach to the strong, straight, forward-projected Reservata noise is less didactic and less inflexible than that of the founder-members. The alto Margaret Philpot put across the light rhythmic subtleties of the Spanish *Tres morillas* without a hint of heaviness; and the bass Richard Wistreich joined her in one of Josquin's sublime canonic chansons, *Parfons regretz*, with a sonorous, rich voice that was always absolutely plumb in the centre of the note—a rarity indeed in this range.

The ascetic nature of Mr. Morrow's programming demanded a high degree of concentration from the audience—somewhat unfairly so, I felt, in the Spanish half of the concert, where the rumbustious postprandial atmosphere in the jollier numbers was ill served by the barren waste-land of a half-empty Elizabeth Hall stage. But Josquin's *Du mein amant le depart* at the start of the second half immediately raised the music-making on to a new level: the basic folky despair of the slower *villancicos* was transformed into the immensely sophisticated heart-searching of Josquin, "incessantly delivered to grief," as one chanson put it. It was regrettable that rehearsal time seemed to have run out as the last and greatest items in the concert approached; both *Plus nulz regretz* and *Cueurs desolez* were underplayed. Elsewhere though, conductor John Byrt shaped Josquin's impeccable vocal lines with sensitivity. The instrumental group were allowed a few groups of vocal transcriptions, played with crispness but not much spirit—somewhat too reserved for Reservata.

NICHOLAS KENYON

Half Moon

We Can't Pay?—We Won't Pay!

Left-wing farce is an unknown commodity in this country and it is refreshing to find the Half Moon temporarily breaking loose from recent po-faced agitprop tradition and falling with gusto on the work of Dario Fo, the Italian comic and writer who runs a political collective in Milan. Po-faced agitprop, in this instance, features two married couples with mounting debts and a burgeoning commitment to direct illegal action as a method of combating rising prices and, since the country is Italy, any amount of Papal bull.

The religious iconoclasm of the piece is less effective in translation, but the theatrical imagery is clear enough. Two housewives, one active, one compliant, fend off the inquisition of husbands and police by stuffing groceries up their jumpers and feigning pregnancy. The farce progresses with irresistible chop logic, well-planned grenades tossed off in the direction of the Church, the police, the mythology of childbirth and the Communist Party. Binding it all together is a firmly established domestic *milieu* in which bills must be paid and, if need be, soup concocted from millet seed and dog food.

The translation is by Lino Pertile and that, in turn, has been adapted by Bill Colvill and director Robert Walker. Their approach is flexible, at once confirming the Milanese background and allowing for jokey references to "News At Ten," MI5 and the VAT inspector. Everyone's plight, even the weather, may be blamed on the Government. But the real culprit is the Pope, with his intractable stance on the use of contraception. This is why the women blow up to ante-natal proportions to the bewilderment of their spouses, even if the womb contains only a few pounds of mixed salad for the evening meal.

This kind of delightful surrealism typifies the writing and it is a quality fully realised in the exuberant playing of a top-class company. The female duo of Frances de la Tour and Patti Love play their scenes to the hilt, Miss de la Tour dominating proceedings with her exaggerated Cockney whine and inimitable talent as a limber comedienne.

"Has my wife been seeing the Pope?" asks the confused Luigi (Dennis Lawson) at one point, trying to reconcile a brief marital history with Miss Love's inflated condition. In the second half, Luigi and Giovanni (Christopher Malcolm) smuggle some flour bags back to base before waking up to the failure of the Party to assist in their grass roots struggle.

There are some magnificent set-pieces involving slammed doors and a multi-faceted figure of authority (Matthew Robertson) that demand *commedia dell'arte* skills of execution. The company manage as best they can, but settle, sensibly, for a precise style of English farce playing that relies on speed of reaction rather than physical pyrotechnics. Especially memorable is the quiet exit of Grandpa (Mr. Robertson again) from a scene of frantic recrimination momentarily frozen for a group expression of familial decorum.

MICHAEL COVENEY

Leonard Burt

Christopher Malcolm and Frances de la Tour

Festival Hall

Symphonica of London

by MAX LOPPERT

The cream of the London orchestras and chamber groups has been skimmed to provide the personnel of the Symphonica of London, which, before Monday's South Bank debut concert, was exclusively an orchestra of the recording studios. Its first public appearance, under its musical director Wyn Morris, occasioned an unusually enjoyable concert, unsatisfactory in many details, lengthy in its programme, at the very least a display of rich, enthusiastic, and glowing orchestral sonorities.

The bill of fare was Mahler's Ninth Symphony—frequently served by conductors as the single course of an evening—preceded by the Overture to Wagner's *Rienzi* and the Weingartner string-orchestra arrangement of Beethoven's *Grosse Fuge*. It was a long concert, and one a conductor of an earlier era, a [illegible] might well have chosen to give. In Mr. Morris's conducting, likewise, an unhurried spaciousness and breadth of movement recalled earlier schools of orchestral direction; there was none of the bright, crack ensemble so often sought by today's conductors.

In the *Rienzi* Overture, always a spirited outing for a mettlesome band of players, the phrasing was gorgeously expansive and flowing, the sound deep-toned in its warmth, never blaring. Mr. Morris favours the separation of first and second violins to opposite sides of the platform. The gain, in clarity of string textures, in the sheen cast over the entire string section, is obvious—it is only because this correct orchestral seating is today seldom employed that its advantages need be pointed out.

In the *Grosse Fuge*, with its alternations of simple and compound time signatures, its cross-hatched and often aggressively contradictory part-writing, the sounds remained glowing, but the purpose behind them began to seem less assured. If Weingartner's arrangement is not to strike the listener as a monstrosity, a gigantic spelling-out of a message the strength of which is contained in its compactness, strict unanimity of ensemble in all parts is of the essence. Here, it was not entirely to be relied upon. There were wisps on some of those ferocious high notes, denoting fractional hesitations behind the front desks. Man for man, one began to feel, this was one of the most luxurious instrumental assemblies gathered in the Festival Hall for some while; but the sum of its parts had not yet quite become that mysterious entity, an orchestra.

The impression was allowed to grow in a Mahler Nine of many virtues — not the least of which was the unbroken insight into the unfolding of both its long melodic lines and its deep structural foundation — that was yet marked by a sufficient quantity of hesitations and diffusions of ensemble, of slight passing rents in the orchestral web, to give rise to the suspicion that the rehearsal time was less than the mighty work demanded. Mr. Morris is a gentle, lyrical Mahler conductor; if we miss the snarls and the roars of what could be called pre-expressionism in the symphonic fabric, we welcome the loving way he draws out the beauty of its opening and closing moods, stretching and sustaining the final high strings for what seemed like an eternity. I hope the Symphonica of London perseveres with its public appearances, and that this interpretation of the symphony is developed and consolidated. The potential is too great to be allowed to rest at this somewhat inchoate stage.

FINANCIAL TIMES

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Wednesday May 24 1978

Not flexible enough

INDUSTRIAL democracy is a fine slogan but one likely to rouse emotion rather than encourage debate until it finds a definition. Yesterday's White Paper begins by defining its subject as "the means by which employees at every level may have a real share in the decisions within their company or firm, and therefore a share in the responsibility for making it a success." Some companies may dislike the idea of giving their employees a greater share in the process of decision-making. Some union leaders may instinctively fight shy of risking the dilution of their authority or of exchanging a traditional opposition of interest between employers and employees for a joint responsibility. But the habit of consultation is undoubtedly spreading.

The difficulties arise when an attempt is made to move from the general to the particular. The Bullock Committee, for example, was so tied down by its terms of reference that it was unable to produce a unanimous report. Many of those who support greater worker participation in principle, including ourselves, were unable to support the majority recommendations, which stirred little enthusiasm among trade unionists but an angry outburst of opposition among managers.

Union role

Ministers, too, have clearly had differences and reservations about the Bullock majority recommendations: yesterday's White Paper has not only been long delayed but admits that the Government has not yet succeeded in reaching a consensus of opinion about the statutory right of employees to representation on the board. It is for this reason, presumably, that the White Paper's suggestions fall some way short of the Bullock majority, that a heavy emphasis is put (at least verbally) on the need for voluntary progress and experimentation, and that many important questions of detail are left open for further discussion. Yet there are several points at which these proposals, too, are likely to seem too rigid to all but a minority of those concerned on both sides of industry.

Three, in particular, stand out for criticism. First, trade unionists are still given the dominating role to play on the employee side. It is true that the various unions recognised in any firm will have to form a joint representative council—which would itself be a considerable step forward: that a ballot of all employees would have to be held before it the requested representation on the board: and that both smaller unions and homogeneous groups of unionised employees (such as members of middle management and overseas sales representatives) might be given a right of appeal against inequitable representation. But the degree of unionisation varies a good deal even among large companies, and there is no reason—apart from the pressure of the TUC and the short-sighted convenience of some managements—why one group of employees should be more favoured than another.

Compulsion

Second, the responsibilities of the two boards in a two-tier system are laid down in too great detail. The adoption of a two-tier system will be optional, but it is on the policy rather than the management board in such a system that employees will have the right to an eventual one-third representation if the company is unwilling to allow them this on an orthodox board. That is a step in the right direction, as is the proposal (which distinguishes it from German practice) that managers may serve on both boards. But some companies may well wish to allocate responsibilities between the two on a different basis to that proposed in the White Paper.

The third and main fault in these recommendations is the eventual threat of compulsion. This will become operative, admittedly, only 4-5 years after a JRC has been established, and the company will have a right of appeal. But the value of this right, whether it applies to the Arbitration, Conciliation and Advisory Service or a new Industrial Democracy Commission, will depend on their view of the way in which industrial democracy should develop: there is an obvious risk that they will incline towards the view of the trade unions, and the big battalions at that. It is not enough to "wish" or even to "prefer" that progress should be made on a voluntary basis. That is the only way in which it will be made successfully.

The UN tackles the arms race

FOR THE next five weeks the United Nations will be staging what Dr Kurt Waldheim, the Secretary-General, has described as the largest and most representative gathering ever convened to discuss disarmament. The first UN General Assembly Special Session to be devoted to the issue will be addressed by at least 20 Heads of State or Government, including Mr. James Callaghan, President Valery Giscard d'Estaing and Chancellor Helmut Schmidt, and more than 50 Foreign Ministers. The hope is that agreement can be reached on a new international declaration spelling out detailed guidelines for future disarmament negotiations.

Propaganda

There is an obvious danger that the session will degenerate into a fruitless propaganda battle setting non-nuclear states against nuclear powers, East against West and the Third World against the industrialised countries. When the non-aligned countries launched the idea of the special session two years ago, one of their prime concerns was the slow pace of nuclear disarmament negotiations, and not much has happened since then to allay their anxieties. Two nuclear powers, France and China, remain absent from the Geneva Disarmament Conference and a new strategic arms limitation agreement between Washington and Moscow is almost eight months overdue. Negotiations in Geneva for a comprehensive ban on nuclear testing appear to have run into difficulties.

It is perhaps for this reason that both the U.S. and the Soviet Union are playing down the session's importance. President Carter has decided against addressing the Assembly and Moscow is sending Mr. Andrei Gromyko, the Foreign Minister. The U.S. is likely to try to switch attention from the nuclear issue by stressing the need to control sales of conventional weapons, which currently account for four-fifths of world arms spending. It is, after all, the argument goes, conventional arms, not nuclear weapons, that have been used in all the numerous conflicts since World War Two.

West European Governments are taking the occasion seriously. The UK has taken the lead in tabling the main Western draft proposals and France has long been promising a major disarmament initiative. The British paper proposes a long list of measures in both the nuclear and conventional fields, including the interesting suggestion that all countries should publish detailed, standardised information on their armed forces, arms production and transfers and military budgets to clear the way for further attempts to curb the arms race. France is expected to call for a new world-wide satellite surveillance system and a new European disarmament forum.

Build up

As the General Assembly is not a negotiating body few concrete decisions are likely to emerge. But the session will serve a useful purpose if it concentrates international concern on a world-wide arms build-up that is now costing something over $350bn a year. It will be helpful if some formula can be devised to bring France and China to the Geneva disarmament table and a start can be made on the difficult problem of conventional arms transfers. It may also be possible to initiate a new round of discussions on the idea of regional disarmament, which is attracting increasing international attention. And if a breakthrough were one day to come, the UN could be the forum in which to consider the deployment of the massive resources that could be diverted to development if arms spending could be held in check.

The auditors respond to the critics after the scandals

BY MICHAEL LAFFERTY

FOR almost a century accountants in the United Kingdom have been making a very good living from auditing the annual accounts of companies. Yet it has taken the profession until 1978 to attempt to lay down even the most general rules about how its members should go about their daily work. There are good reasons for this. The most important aspect of an audit is the exercise of judgment by the accountant concerned, and no two companies are the same.

Also accountants are by nature both conservative and highly independent. They do not like some higher authority—be it the Government or their own institute—telling them what to do. If pushed too far—as for example in the recent inflation accounting affair—they have a strong ability to hit back.

So obviously there are very pressing reasons behind the decision of the main UK accounting bodies to go ahead and issue what will be known as auditing standards. Most pressing is the embarrassment caused to the profession by the recent series of accounting and auditing scandals, in which some of the most important accounting firms in the country have found themselves sometimes severely criticised by Department of Trade inspectors, one of whom is usually a prominent accountant himself. Here cases such as London and County Securities, Vehicle and General, Ralph Hilton Transport Services, Lonrho or — the latest of all — Court Line come to mind. There have been other well-publicised cases, not resulting from inspections, which have also shaken the profession.

At first the accountancy bodies appeared shell-shocked as one affair followed another in the wake of the secondary banking and property debacle of the early 70s. They had neglected the advice of such wise old men as Sir Henry Benson, formerly senior partner of Coopers and Lybrand, to strengthen practices in the auditing area in a similar way to the programme initiated for narrowing acceptable accounting methods.

Admittedly, leaders of our accountancy profession had long realised that there was a need to improve auditing procedures. They even succeeded several years ago in getting the most important accountancy body in the country—the English Institute of Chartered Accountants—to establish an auditing standard-setting committee. But then, in the early seventies, the greatest pressure was on accounting standards—the wide variety of valuation and measurement bases used in the preparation of company accounts. Many felt that these had to be narrowed and standardised to some extent to prevent companies in effect selecting their own figures to present as their profits and balance sheet values.

In any case, simple budgetary limitations meant that the institutes were forced to channel available funds where they were most needed. The result was that the auditing committee was starved of resources. When the scandals, which have sometimes been public controversies, and criticisms poured in during 1975 and 1976 nothing had been done, in public at least, to answer the profession's critics. The matter came to a head late in 1976 when the Trade Secretary, Mr. Edmund Dell, called the presidents of the three public accounting bodies in for consultations.

Since then the pressure has been on the accountants to come up with two things: a satisfactory procedure for investigating and disciplining accounting firms judged to have produced bad workmanship, and a series of audit standards against which the public can measure the work of an auditor in any particular case. After a false start with a semi-independent committee chaired by Lord Cross the profession came up earlier this month with a blueprint for tough new disciplinary procedures. The draft auditing standards published today for a six month period of discussion are the second response.

It seems odd that it should have taken so long to get to this stage with the audit standards, particularly since very similar work has already been done in North America and Australia. This arose partly from the resignation of the Auditing Practices Committee's first chairman, Mr. David Richards, in the wake of his own firm's association with the London and County case. But, most of all, since it became clear that a grass-roots rebellion within the profession was to bring down the Morpeth proposals — ED18 (inflating accounting) — a year ago, there has been a great fear within the governing councils of the professional bodies. It was agreed that whatever happened, there would never be another ED18 affair.

Consequently, no other project within the profession has been so carefully prepared as today's with drafts that were ready two years ago having to be re-written several times. No fewer than 1,300 of the most actively-involved and technically-informed accountants in the country have participated in the consultation process. After all that it would seem that all major criticisms have already been met.

But what are these auditing standards? They will prescribe the basic principles and practices which accountants are expected to follow in the conduct of an audit. And that means every independent examination of accounts "conducted with a view to expressing an opinion of whether those statements give a true and fair view." They fall into two groups: operational standards relating to the actual conduct of an audit, and reporting standards setting out how an auditor should report his findings to shareholders.

There was to have been a third category—the auditor's personal standards, dealing with matters such as his independence—but an internal dispute within the profession led to this area being taken over by the accounting bodies' ethical committees.

The standards are backed up by guidelines on matters such as internal control and the detection of errors and fraud. Though the guidelines are not definitive and accountancy bodies advise that a Court may take both standards and guidelines into account when considering the adequacy of an auditor's work. Furthermore, accountants will be liable to disciplinary action from their own institutes if they fail to observe audit standards.

To anyone remotely familiar with business affairs, what are now being called audit standards are nothing more than clear statements of the obvious. For example, on the planning and control of an audit: "The auditor should adequately plan and control and properly record the work done in arriving at his opinion . . ." Or, on audit evidence: "The auditor should obtain relevant and reliable audit evidence sufficient to enable him to draw reasonable conclusions . . ."

Indeed, Mr. Richard Wilkes, chairman of the Auditing Practices Committee, emphasises that the idea is to codify current good practice. "For many firms, large and small, they will not cause a significant change, but will provide a yearstick against which performance can be measured." Implicit in this statement is the subtle acceptance that all is not well with the auditing procedures of the 9,000 or more accounting firms registered in the UK.

The essence of the problem is, of course, the hundreds of thousands of small companies from which most accountants earn the largest proportion of their fees. Unlike countries such as the U.S., where only quoted companies are required by law to have an audit, every incorporated business in the U.K. must have one. And for most of the past century most public accountants have existed in the happy belief that they were in fact conducting proper audits.

Not so, say many audit partners in the larger accounting firms increasingly these days. They believe it is quite impossible and unrealistic to perform a proper audit in many smaller businesses because of the absence of adequate records and systems of internal control.

At first, the Auditing Practices Committee wanted to pursue the road of having only what was called "a review" for private companies, with the full audit procedure reserved for quoted companies and those private companies willing to accept the cost. But this has been stamped on for the present because of the outspoken opposition of some top chartered accountants, including Mr. John Kirkpatrick, last year's president of the Scottish chartered accountants.

So there the matter rests for the present. Hence Mr. Wilkes' statement yesterday that "auditing standards are designed to be of general application and relevant to every type and size of business." He does not admit that this may have forced the committee to water down what it is now proposing, though some critics would claim it has. What the draft audit standards do propose, however, are alternative types of standardised qualified audit reports. One of these provides for the auditor to disclaim an opinion on the accounts because of his inability to substantiate cash transactions. The other is the form of disclaimer proposed for small businesses lacking adequate internal controls. The draft wording here is: "In common with many businesses of similar size and organisation there is only limited internal control/there is no internal control. Lack of adequate internal control prevented us from carrying out all the auditing procedures, or from obtaining all the information and explanations, we considered necessary. We were therefore unable to satisfy ourselves as to the completeness and accuracy of the accounting records."

Some small accounting firms have been issuing reports such as this for some time, but have met with problems with the Inland Revenue. So while auditors may embrace the idea, the crunch point for this form of standardised report may well be the attitude of tax authorities.

One area where the new audit standards could have a big impact is in standardising the whole area of audit reports. An auditor is required to give the reasons for qualifying his report, with a quantification of the effect if this is both relevant and practicable. The two main categories of circumstances which generally give rise to qualification are identified as being:

- Uncertainty — which prevents the auditor from forming his opinion; or
- Disagreement — where the view the auditor takes conflicts with the management's view as given in the accounts.

These categories are further sub-divided according to whether the matter is fundamental (where the auditor should either disclaim an opinion or give an adverse opinion), or the matter is material, but not fundamental—when his opinion should be given "subject to" the uncertainty, or "except for" the terms of the disagreement.

The positive aspect of the audit standard-setting process is that it gives every auditor—particularly those lacking the technical back-up of the giant Price Waterhouses and Peat Marwick Mitchells—basic guidance about how to go about his work. There is little in what is now proposed that any good auditor would disagree with on the grounds that it is too demanding. But the problem of what to do about the small company still remains. Still tougher subjects have to be tackled such as: the auditor's association with interim statements; the suspicion of possible bribery; and his reliance on the work and word of other professionals.

Mr. Richard Wilkes, chairman of the accounting bodies' Auditing Practices Committee, with Mr. Ian Watson (left) and Mr. Graham Stacey, who chaired APC's two sub-committees.

EXAMPLE OF A PROPOSED NEW QUALIFIED AUDIT REPORT

AUDITORS' REPORT TO THE MEMBERS OF . . .

We have audited the financial statements on pages . . to . . . Our audit was conducted in accordance with approved Auditing Standards and, except for the limitations on the scope of our work referred to below, we have carried out such procedures as we considered necessary.

A major part of the company's income comprises cash sales. There was no system of control over such cash sales upon which we could rely for the purpose of our audit and there were no alternative procedures which could be adopted to verify the amount of sales recorded in the company's financial statements. We were therefore unable to carry out all the auditing procedures, or obtain all the information and explanations, we considered necessary. Consequently, we were unable to satisfy ourselves as to the completeness and accuracy of the accounting records.

Because of the significance of the matter referred to in the preceding paragraph, we are unable to form an opinion as to (i) whether the financial statements give a true and fair view of the state of the company's affairs at 31 December 19 . . . and of its profit and source and application of funds for the year then ended, (ii) whether the financial statements comply in all respects with the Companies Acts 1948 and 1967, or (iii) whether proper accounting records have been kept.

MEN AND MATTERS

Kew computer behaves at last

Down in the Public Record Office in Kew they are keeping their fingers crossed that their computer troubles are finally over. The new PRO opened last October, and is computerised in a style that professors from the United States call "twenty-first century stuff." Researchers punch their requests for files into video terminals and are given bleepers that signal them when the material is ready. It is fortunate that researchers tend to be patient and undemonstrative, for there have been runs of computer "crashes"—which reached a crescendo last month. One woman researcher tells me that a terminal "went up in smoke" in front of her.

But this month, nerves are calmer at Kew. The computer—installed by ICL and Datalogic—has been much better behaved. A spokesman told me proudly: "We expected teething troubles with the most advanced archive system in the world. A lot of American libraries have sent people over to look at it."

Floating by

It was International Milk Day yesterday, which clearly nonplussed the National Dairy Council. It put out a statement sadly admitting: "No special activities will take place in this country on the Day . . ." Perhaps our dairymen should talk to one another more often, because tomorrow a Milkman of the Year competition is being launched by Unigate, which boasts of running the world's largest home milk delivery service.

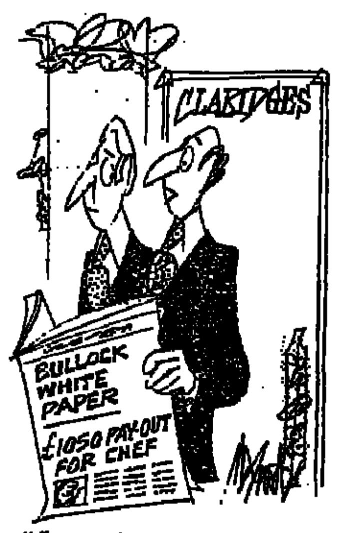
The current Miss United Kingdom, Madeleine Stringer, will "lend her support"—as the public relations men put it—by posing on a golden milk float outside a West End hotel. If only somebody had told Unigate to arrange it for yesterday, Britain could have held her head high among the milk-conscious nations.

Rat tale

Telephone subscribers are notoriously ungrateful but those in Iran have a novel problem—rats. Their activities have just come to light following the increasing deterioration of telephone connections in Ahwaz.

This city of 340,000 inhabitants has long been the capital of Iran's oil industry, but its new claim to fame is less attractive. The head of the Iranian Telecommunications Company, Shamsuddin Malekabhari, says that huge rats swarming through its foundations have severed many of the underground cables.

Malekabhari says that a nine-month repair programme is to begin and two new 50,000-line telephone centres are to be installed by 1982. But he also admits that there is just one little problem. None of Iran's cities has a proper underground sewage system and the workmen cannot actually get at the severed cables because of the sewage which apparently fills the channels under Ahwaz's grandiose avenues and soaring buildings.



"I suppose we're lucky—he could have been on the Board!"

Olley's big blow

When a man in Fife, Scotland, took a breath test, his arm turned red: for the bag burst as Christopher Olley was blowing into it. Crystals fell from the breathalyser and caused superficial burns on his arms. The law was not to be thwarted, however, and a new bag was produced. Olley blew again: the result was positive.

Yesterday in Kirkaldy Sheriff Court he was fined £30 and banned from driving for a year. But it may not be the end of the affair. The prosecution said there had been some damage to Olley's trousers, so there could be a civil action.

Alien ears

An American visitor to London tells me that when she asked a newspaper seller in the City if he could tell her the way to the Barbican, he replied at great speed and in broad Cockney. "I'm sorry," she told him, "I'll have to trouble you to tell me again—I just didn't understand what you were saying."

"You know your trouble, love," the newspaper seller said—"you were listening with an American accent."

Count us out

The Passport Office has developed an emergency service of which it is proud — answering machines out of office hours give the names of duty officers and "rush procedures" to deal with deaths, serious illnesses or business of national importance. But the Passport Office is the last to boast of this. Its form "Notes for Guidance" says that emergencies can only be handled after tea on weekdays and during the morning on Saturdays.

If Granny gets yaws in Timbuctoo at 12.15 on Saturday, and you need a passport in a hurry to collect her, you would be in trouble, according to this form. I asked one of its directors why the Passport Office keeps its light under a bushel. "We do not want to give the service too much publicity. Too many people might assume they could use it." Strange reasoning, perhaps. It is to be hoped that the National Health Service will not follow suit.

Billion-dollar men

This week Mexico City has gazed in wonder at cavalcades of cars, with police outriders on Harley-Davidson machines, storming through the streets. Red traffic lights are ignored.

The purpose has been to give the heads of more than 100 of the world's largest international banks a welcome that befits people who have been responsible for lending Mexico more than $16bn. The Government of Lopez Portillo is determined to make the most of having in town men such as David Rockefeller of Chase Manhattan, and Anthony Tuke of Barclays—not to mention Henry Kissinger and Nancy. Kissinger is there to address the bankers International Monetary Conference.

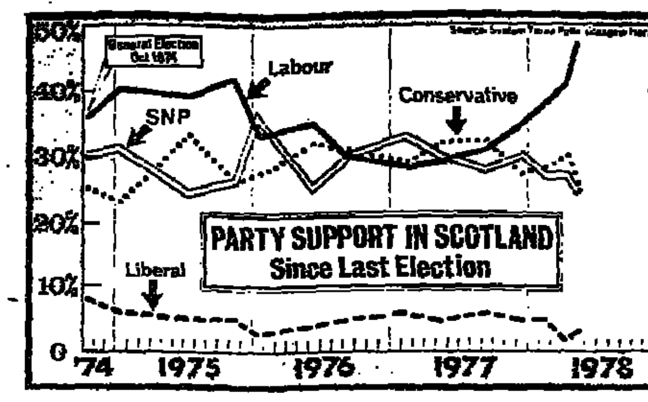
Grace of god

A colleague in Bonn left a battered briefcase on a train several weeks ago. Yesterday, with little hope of success, he went to the lost property office in the station to ask if it had been found. The briefcase was handed to him by a man whose name was over the window. He was called Herr Zeus.

Observer

'What the recent political evidence from Scotland has told us is that the initiative has passed back to Westminster'

SNP on a slippery slope



Margo MacDonald: warrior queen at bay

THE HAMILTON BY-ELECTION:
BY RAY PERMAN, Scottish Correspondent

THESE ARE changed days in Scottish politics. Who could have forecast three months ago that Hamilton — a location almost equal in the modern nationalist mythology to what Bannockburn was in the old — would provide the quietest by-election campaign of this Parliament? Or that the Labour candidate defending a majority of only 3,332 against Mrs. Margo MacDonald, the warrior-queen of the SNP, as she has recently been described, would be tipped odds-on to win by the local bookmakers?

Hamilton is the spectre that will haunt the SNP's 44th annual conference which opens in Edinburgh tomorrow. Voting will be next Wednesday. (The Government avoided Thursday, the usual day for elections, because the first World Cup game from Argentina is to be televised on that night) and special buses will be laid on to take delegates to Hamilton to canvass. There will doubtless be stirring speeches from the platform at the conference scorning those who have already written off Mrs. MacDonald's chances, but many leading figures in the party have already prepared themselves for defeat — not merely a failure to take the seat, but the possibility that Labour might even increase its majority.

That would indeed be a major setback for the nationalists, providing confirmation that the Glasgow Garscadden by-election result last month when the big swing the SNP had come to expect as normal in fights with the Government was cut to 3.6 per cent. and that the regional council polls, when the party actually lost ground, were not aberations, but part of a continuing trend. In the three regional contests in the Hamilton constituency, Labour considerably increased its majority in each case and the average swing away from the nationalists compared with 1974 was 6.6 per cent.

Hamilton, a former mining town, lies deep in the Labour heartland of West Central Scotland. The old Lanarkshire town itself now has a new town centre and new estates have been built on its outskirts, including several with a majority of houses for sale, rather than to rent. Unemployment is a serious problem in the town and it has been estimated that there are 3,500 people out of work, many of them in their teens or early 20s. Despite the presence of several large companies in the constituency, a lot of people travel outside it to work. The British Steel Corporation's Ravenscraig works at nearby Motherwell provides jobs for most of them and in spite of cutbacks in future investment plans there, is likely to provide a reasonably stable employer in the next few years.

Stunning

The seat was solidly Labour for 50 years, until a stunning by-election victory by Mrs. Winnie Ewing in 1967 overturned a 17,000 majority, displaced the Conservative into a very poor third place and made the seat a marginal one. Labour recaptured Hamilton in 1970 and has held off the Nationalist challenge since then with smaller and smaller majorities. Mrs. MacDonald, herself a by-election heroine of the SNP when she took Govan from Labour in 1973, was born and grew up locally and over the past few years has nursed the constituency with such tender care that some people have mistakenly believed she was already its MP.

Her campaigning style, normally attacking and brimming with confidence, has had to be toned down. She does not want to repeat the mistakes of Garscadden, where the luckless SNP candidate made his push too early and exposed himself with hollow boasts about the size of his impending victory. Neither does she want to give too many hostages to fortune.

The national swing against the SNP seems likely to rob her of the prize, so there is no point in conducting a noisy and forceful campaign that will make her defeat look the greater.

So the challenge has been comparatively low key, making what capital it can out of the Government's failure to reduce unemployment significantly or to secure an expanding future for the Scottish steel industry, and playing heavily on Mrs. MacDonald's fame and popularity. Election leaflets and stickers bearing her picture and her first name and a rather peevish attack she made on the labour candidate, Mr. George Robertson, have prompted her opponents to accuse her of running a campaign based on personality rather than politics.

But there can be no doubt that policies will decide the election. Mr. Robertson is following very firmly the lead given by Mr. Donald Dewar, the successful candidate at Garscadden, and fighting on the twin issues of a defence of the Government's economic record and an attack on the nationalist policy of independence. "The SNP is clearly identified with separation and people are not enamoured by the prospect," says Mr. Robertson. "The fact is that Hamilton has been publicised by the nationalists as their automatic next parliamentary seat. On that basis people are very well aware of what the main issue is in this election. Now is the time when they have to make up their minds."

Mrs. MacDonald seems to have accepted that independence will be the crucial issue. She starts with a certain disadvantage in that the arguments on both sides were given wide publicity during the Garscadden campaign and Labour decidedly got the better of the debate. It very skilfully exploited the fears about separatism while sympathising with the desire for change and offering the safe halfway-house of devolution. One reason that Hamilton is so quiet is that people have heard the pros and cons so recently.

So Mrs. MacDonald has set about trying to defuse the "separatist" landmine and disarm the devolution weapon. Her married sister Ann, who now lives in Yorkshire, visited the constituency. "There is no way that I would be part of any arrangement that would separate me from Ann," Mrs. MacDonald commented. "There are many ways in which close co-operation would be feasible between Scotland and England after independence."

And she has declared that devolution is not an alternative. Without an SNP victory at Hamilton, she maintains backbench Labour opponents of the Scotland Bill will feel confident in ditching the measure when it comes back to the Commons from the Lords. Mr. Tam Dalyell, Labour MP for West Lothian and an implacable enemy of the plan for a Scottish Assembly, has already threatened as much. Nor can Labour claim devolution as a safe intermediate step.

"Independence is the underlying issue in every election in Scotland now. Tam Dalyell is right: devolution will lead to independence," says Mrs. MacDonald.

The Conservative candidate, Lord Scrymgeour, does not believe that independence or devolution will be crucial issues and is fighting on a range of issues such as housing, prices, unemployment, law and order and high taxation.

Lord Scrymgeour is fighting this campaign as plain "Mr", but he need not be so sensitive about his title. The most creditable Tory performance of recent years was managed in February, 1974 by Lord James Douglas-Hamilton who saved his deposit by gaining 20 per cent. of the vote, something neither of the commoners who stood as Conservative candidates in 1970 or October 1974 were able to do. At the last election the Conservatives received less than 10 per cent of the vote, but the results of the regional elections suggest that the party could boost that to 17 per cent this time.

The Liberals, who did not fight Garscadden, have nominated Mr. Fred McDermid, a local surveyor. He starts from an even lower electoral base than the Conservative, hoping to improve on the 4 per cent share of the vote won in October, 1974 when a Liberal fought the seat for the first time since world war I.

The latest opinion poll suggests that Labour could score a runaway victory (although no one should underestimate the capacity of the Scottish electorate to confound even the most confident predictions). System Three, which carries out surveys for the Glasgow Herald, reported two weeks ago 47 per cent support for Labour in the country as a whole, against only 24 per cent each for the Conservatives and Nationalists and 3 per cent for the Liberals. Labour has in fact led the System Three polls since last October, while the SNP percentage has been slowly declining.

Young voters

That lead alone does not mean very much: during much of 1975 Labour had a similar margin over the SNP in the polls, but by the beginning of last year the positions were reversed. But more detailed studies have indicated that the underlying trend seems to be going strongly Labour's way. A poll by Market Opinion and Research International for the Weekend World programme last month, whose detailed findings have not hitherto been published, significantly showed that Labour was winning more young voters than the Nationalists. In the 18-34 age group 39 per cent said they would vote Labour at the next General Election, compared with 34 per cent for the Nationalists and 26 for the Conservatives.

Throughout 1975 and 1976, even when it was trailing badly, the SNP was managing to secure the allegiance of young voters.

Garscadden has been suggested as the turning point, but it seems to have been much longer ago, probably in March last year when the Liberals made their pact with Labour. The virtual automatic majority that this gave the Government in the Commons robbed the 11 SNP MPs of a place near the fulcrum of power. No longer were they consulted in advance of important votes.

The pact also dealt the nationalists a second blow by reviving devolution as a political practicality. The anguish in Scotland at the killing of the first ill-fated Bill did the SNP nothing but good. The introduction of its successor forced the party to try to overbid by pushing its independence policy.

Independence is not as unpopular as many politicians would have us believe.

A poll published earlier this week showed that support for it was now up to 28 per cent, ten points up on two years ago. But the corollary of that is hat 72 per cent. are still against it, a fact that Labour has been able to turn to its account.

The implications of a good Labour win at Hamilton are unlikely to be spectacular. It would merely confirm to the Prime Minister what other sources have been telling him, namely that the Government could well hold its 39 seats North of the Border at the next general election, have more than a chance of winning back the two lost Scottish Labour Party defectors and possibly pick up one or two more. Against this he has to weigh the risk that the swing—as it has done before—could start to go the other way sometime and that the Tories may also gain from the SNP slide. Even without a clear Tory lead over the nationalists, a revival of the Labour vote gives the Conservatives an opportunity to win back some seats lost to the SNP in 1974.

But one point is certain to be made at this week's SNP conference, and it is valid: the obituaries of Nationalism are premature. A party which has more active members than all other political parties in Scotland combined and which is better financed and better organised, particularly at grass-roots level, is unlikely to be buried by a setback at Hamilton or even the next general election.

What the recent political evidence from Scotland has told us is that the initiative has passed back to Westminster. While there was a strong possibility that the SNP would make sweeping gains next time and hold the balance of power in the Commons, Scotland had a more than proportionate influence to its size. Now it is to the fate of the Finance Bill, the devolution Bills and to the prospects for the next parliamentary session that we must look for pointers to the general election date.

GENERAL ELECTION OCT. 1974
A. Wilson (Lab) 18,487 (47.5%)
I. Macdonald (SNP) 15,155 (39.0%)
G. Warner (Con) 3,682 (9.5%)
J. Calder (L) 1,559 (4.0%)
Labour majority 3,332 (8.5%)

Letters to the Editor

Negotiating rights

From Mr. G. Wolf

Sir,—Mr. Mortimer's letter (May 18) raises some interesting points but the one that disturbs me most is that the Advisory, Conciliation and Arbitration Service is setting itself against the recognition of new unions, the excuse being that this may upset existing bargaining arrangements.

Many managers and professional staff will not join an existing TUC affiliated trade union but will join a non-affiliated union which caters for management and professional staff. There are many cases where the TUC's negotiating agreement covers managerial and professional grades but does not, in fact, act for them, as they have no members or only one or two in the bargaining unit. Is this a reason, therefore, to withhold recognition of a majority of staff in a non-affiliated union which can represent them and bargain for them according to their wishes?

Mr. Mortimer is effectively disfranchising one of the most vital sections of British industry and although I, for one, deplore a multiplicity of unions, I would rather have a lot of unions than no union members. If the TUC really believes in the right of workers to unionise, then let it encourage the small and non-affiliated unions to join the ranks.

G. S. D. Wolf
11 Harley Street, W1.

Numbers of unions

From Mr P. Cox

Sir,—Yet again Mr. Mortimer (May 18) completely ignores the fundamental point behind the argument as to whether the Engineers and Managers Association and other similar unions (e.g. the UK Association of Professional Engineers) should be allowed to have any negotiating rights.

Are our managerial and professional staffs sufficiently different in their attitude, role and importance in industry that they should be allowed to be represented by unions which are not overwhelmingly dominated by shop floor and manual workers? If they are then we have a right to exist except that the Advisory Conciliation and Arbitration Service should acknowledge the fact and act accordingly.

Reducing the number of unions in any particular industrial situation is right but this necessity does override the requirement that staff at managerial and professional level need the special recognition of employers if they are to manage and make the contribution to the economy which we cannot do without, but which present policies are rapidly destroying.

P. A. Cox.
Lendel Palmer and Tritton,
1, Southwark Street, SE1.

Deception over Greenham

From Mr. D. Smith

Sir,—Malcolm Rutherford's excellent article on the battle of Greenham Common (May 19) does a great deal to set the record straight, after the confused and misleading reports in [illegible] ever, on which we disagree. First, we would not welcome even the temporary stationing of KC 135s at Greenham Common; we might tolerate it, in spite of the unique environmental implications; but the U.S. Air Force would face severe criticism for delaying their application, which could have been made at least a year ago. If this is typical of NATO planning, God help us all!

Secondly, it is an understatement, in our opinion, to say that "the case has not been well handled, either by parts of the British Government or by the U.S. Administration." We believe it can be proved that we in Newbury have been deliberately deceived, and this should be a matter of national concern. Are we really so close to George Orwell's 1984?

Dennis Smith.
Campaign Against the Re-activation of Greenham Airbase,
Birchmead, Tydehams, Newbury, Berks.

Accounting for bad debts

From Mr. P. Turner

Sir,—Lex (May 22) takes an over-simple and ill-informed view of the accounting for bad debts by British banks. Comparisons with building societies and U.S. banks are rendered meaningless by different accounting procedures. The effect on published profits and the apparent quality of a loan portfolio is strongly affected by the technique used.

The detailed schedules of loan provisions and charge-offs presented in the accounts of U.S. banks only represent fuller disclosure if the loans in question are judged bad or doubtful on the same basis as UK banks use for their (albeit) undisclosed provisions. Extensive rescheduling of repayments or refinancing of loans—including further advances to meet interest due—keeps substantial doubtful lending out of the most detailed disclosures. Those who scan the accounts of international banks for the LDC and shipping loan exposure will have noticed this already.

Building societies lend money exclusively secured as a first charge on property. They are traditionally reluctant (no doubt because their purpose is not strictly commercial) to foreclose on their borrowers, hence the very low bad debt figures.

The apparent differences do not reflect truly the different quality of management (as Lex implies) but the accounting treatment.

Philip Turner.
Fielding, Newson-Smith and Co.,
Garrard House,
31 Gresham Street, EC2.

Pension fund packages

From Mr M. Ballisat

Sir,—Your editorial on May 19 drew attention to the Governor of the Bank of England's suggestion that building societies should raise more long-term finance.

One particularly convenient way of doing this is to encourage more pension funds to use building society accounts for long-term purposes.

Finance Act 1975 contained an encouragement by allowing pension funds to reclaim the income tax deducted at source on "basic rate" building society accounts. Several building societies have now realised that, as a result of this Act, they can offer very convenient administrative package tax-efficient "additional voluntary contribution" facility for long-term saving.

The attraction, however, to pension funds of using building society accounts would be significantly enhanced if the building societies were able to pay pension funds interest on a "gross" rather than "net" basis.

Such a move would certainly not give the building societies any taxation advantages over other deposit-taking institutions, but would merely put them in the same situation as their competitors. It would save pension fund trustees (and the Inland Revenue) the administrative hassle, which they must go through at present, of reclaiming the income tax which is deducted at source from building society interest payments.

M. T. Ballisat.
Harris Graham and Partners,
30, Queen Anne's Gate,
Westminster, SW1.

Dyslexia and school fees

From the Honorary Secretary
London Dyslexia Association

Sir,—Faced with uncertain prospects of achievement in state schools your articles on school fees (May 20) suggested hopeful solutions. But, only for some. What does the future hold for the bright child whose parents felt confident enough to trust their luck in local authority schools only to find him a victim of dyslexia? Without special tuition this child with specific learning difficulties in reading, spelling, writing and possibly numeracy falls further and further behind his peers. Emotional upset, even truancy and mental illness, may follow.

The less competitive pace of primary and comprehensive schools may suit some children with dyslexia better than preparatory and public schools. Yet remedial provision in most of the former is a travesty. Private lessons are very expensive. Private lessons on top of independent school fees are financially crippling. Only a few parents manage to get remedial fees paid through medical insurance schemes.

If criteria for identifying dyslexia could be established, it might be easier to develop schemes for meeting remedial fees. Such measures could be said to have the virtue of preparing future producers of the national income to be literate and attain their true potential. Educational trusts set up by companies could offer a practical solution. But again the snag is that manual workers—browbeaten as they often are by educationists who pour scorn on the concept of dyslexia—would be unlikely to apply for help.

Unless drastic action is taken to improve teaching skills in maintained schools, taxpayers will for ever find their income diverted to support the unemployable.

Mrs. Maud Heath.
London Dyslexia Association,
78, Whitehall Park, N19.

A Hong Kong landmark

From Mr. D. Simpson

Sir,—While it was interesting to read the recent (April 25) impassioned letter from the chairman of the Hong Kong Heritage Society, to the people of Great Britain, may one appeal to the British sense of "fair play," by stating the other side of the story?

Certainly the future of the Hong Kong-Canton railway terminal is a question close to the heart of the people of Hong Kong, yet not for the reasons given by Mr. David Russell and his colleagues. The building, a red brick and granite structure, can only doubtfully be referred to as being of either historic or architectural interest. To liken any part of the structure, to the Houses of Parliament, is impossible, by any stretch of the imagination.

To put it bluntly the building was once a railway terminal and a very tatty one at that by the time of closure. Since closure was effected a few years ago the buildings have served little useful purpose in the lives of the community. The only usefulness that the building can claim, is through the clock tower and even the usefulness of this is doubtful, since the four faces invariably fail to agree on the time in Hong Kong. The building has fallen into a serious state of disrepair, a state that will impose a financial burden on the public spending of Hong Kong, that can neither be afforded nor justified.

The terminal is at present occupying one corner of a site which both the Hong Kong Government and urban council are fast developing into a cultural and leisure complex, for the benefit of all. The position of the complex was specially chosen so that all who wished, might enjoy life at the very heart of Hong Kong. For too long, both the Hong Kong Government and local authori- the shortage of space that puts land prices in the colony at a premium.

As many British people will already know 1978 will go down in the history of the colony, as the year of the great leap forward in the area of labour reform. The result has been the introduction of paid annual holidays, for all workers, for the first time. This means that both the Hong Kong Government and the urban council have a responsibility to all the people of Hong Kong to provide increased leisure facilities, so all may enjoy, more fully, this newly won freedom.

The extreme step of the Hong Kong Heritage Society in appealing to Her Majesty The Queen, to override the decision of the legal authorities here in Hong Kong is wholly unnecessary. The claim by Mr. Russell that the Society has failed to establish a meaningful dialogue with either the Hong Kong Government or the urban council, is correct, if, by this, he means that the society has failed to convince both bodies to reverse a decision that puts the needs of the majority before the wishes of the minority.

I am sure that you will find many members of the House of Commons who, having visited Hong Kong as guests of the colony, would also subscribe to the views expressed above. The time has come to put aside sentimentality and think instead of the greater good, by increasing the living conditions of all. For too long, Hong Kong has been known as "the sweat shop" of the world, now is the time to prove to all, that such is not the case—what better way to start than by providing Hong Kong with a fine cultural and leisure complex.

D. B. Simpson,
Manley House,
16th Floor, Flat B,

Today's Events

GENERAL

Labour Party national executive meets.

TUC General Council meets.

Mr. Denis Healey, Chancellor of the Exchequer, speaks at Hamilton by-election meeting.

Mrs. Margaret Thatcher, Opposition leader, addresses Conservative Women's conference, Central Hall, Westminster.

Japanese, Soviet Union and U.S. representatives begin four-day meeting in Tokyo to consider plans for East Siberia natural gas development.

Report on new uses and markets for British coal.

British Nuclear Fuels signs contract in Tokyo to re-process Japan's used nuclear fuel.

Sir Peter Vanneck, Lord Mayor of London, attends Financial Times lunch for representatives of foreign banks, Mansion House, EC4.

Annual Investment Conference of Stock Exchange Northern Unit, Adelphi Hotel, Liverpool.

National Bus Company annual report.

Automobile Association annual report.

Chelsea Flower Show opens to public, Royal Hospital.

PARLIAMENTARY BUSINESS

House of Commons: Motion on EEC document on Liner Conferences.

House of Lords: Conservation of Wild Creatures and Wild Plants (Amendment) Bill, third reading. Films Bill, committee. Co-operative Development Agency Bill, second reading.

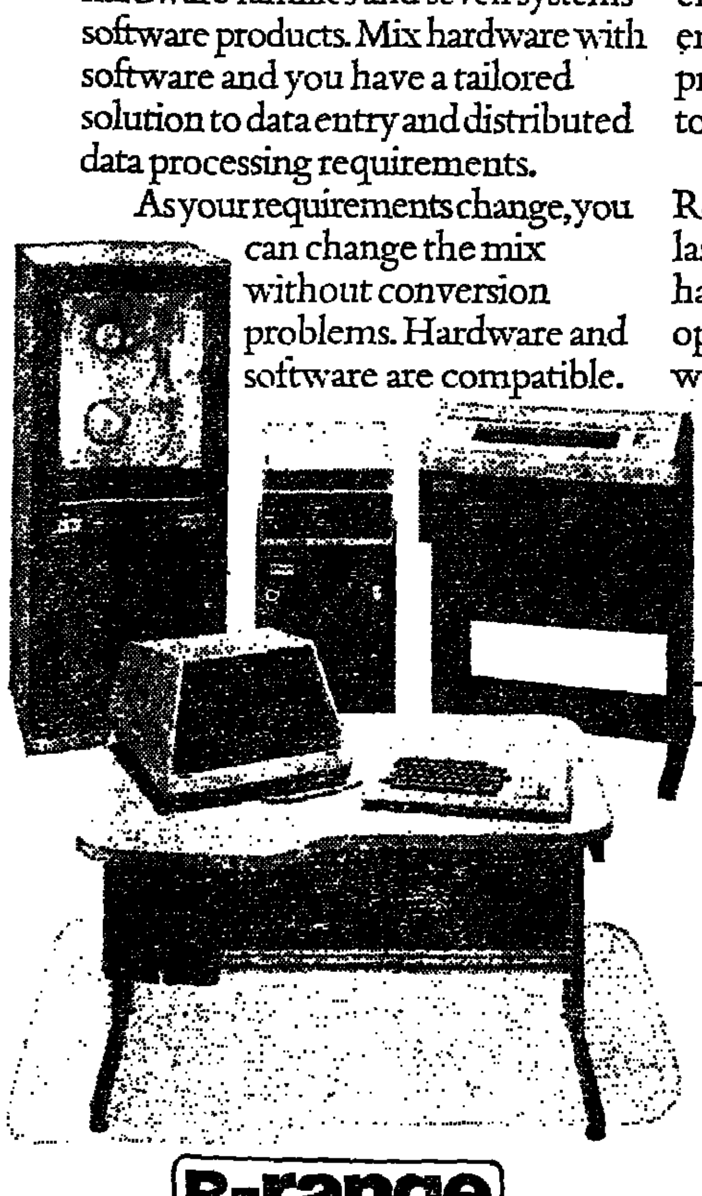
Select Committees: Expenditure (Trade and Industry sub-committee). Subject: Measures to prevent collisions and strandings of noxious cargo carriers in waters around U.K. Witnesses: Representatives of Protection and Indemnity Club: Marine Insurers' Joint Hull Committee (10.30 am, Room 16). Nationalised Industries (sub-committee B). Subject: Future of electricity supply industry. Witnesses: Electricity Consumers' Council; National Consumers' Council (10.45 am, Room 8). Expenditure (Environment sub-committee). Subject: Housing. Witness: Mr. Reginald Freeson, Minister for Housing and Construction (4 pm, Room 5). Public Accounts. Subject: Northern Ireland Appropriation Accounts. Witnesses: NI Department of Health and Social Security (4 pm, Room 16).

COMPANY RESULTS

London and Northern Group (full year). MEPC (half-year).

COMPANY MEETINGS

Berwick Timpo, 79, Wells Street, W, 12. Blackwood Hodge, Dorchester Hotel, W, 12.30. Boosey and Hawkes, Cafe Royal, W, 12. Bronx Eng., Edgbaston, Birmingham, 12. Dickinson Robinson, Bristol, 12. Francis Inds., Great Eastern Hotel, EC, 12.30. General Accident, Fire and Life Assurance, Perth, 11.30. Gibbs (Antony), Winchester House, EC, 12. Harrison and Sons, Stationers' Hall, EC, 12. Ladbroke, 11, Copthall Avenue, EC, 11. Lyle Shipping, Glasgow, 12. Menzies (John), Edinburgh, 12.15. Pearl Assurance, High Holborn, WC, 12. Portals, Connaught Rooms, WC, 12.30. Provident Life Assn. of London, Abercorn Rooms, EC, 12. Rio Tinto-Zinc, 18-20, Craven Street, WC, 11. Rotork, Bath, 3. Stanley (A. G.), Orpington, 4. Sun Alliance and London Ins., 1, Bartholomew Lane, EC, 12.30. Sun Life Ass. Socy., 107, Cheapside, EC, 12.30. Ultramar, Winchester House, EC, 11.30. Vosper, 32, Curzon Street, W, 12. Weir Group, Glasgow, 12. Westminster Property Group, Frensham Pond Hotel, Churt, Surrey, 12.



COMPANY NEWS + COMMENT

NZ, UK troubles cut Borthwick to £2.2m

WITH INDUSTRIAL unrest in New Zealand, the unsatisfactory state of the UK domestic meat industry and the integration of *the Matthews Group all affecting* results, pre-tax profit of Thomas Borthwick and Sons dropped from £5.1m to £2.2m in the six months to March 31, 1978.

A steady 2.4p net per 50p share interim dividend has been declared but directors warn that prudence may dictate a real constraint on the year-end dividend. To cover the interim payment £202,000 has been transferred from reserves after a fall in attributable profit from £2.18m to £0.88m. On reduced full year profits of £6.4m last time a 3.8p final was paid.

Turnover for the six months was £204m against £162m.

The only major bright spot mentioned by directors was the Australian operation, which in conjunction with the U.S. division achieved good profits by taking advantage of rising beef prices in the U.S.

In the UK, the domestic meat business suffered losses, and with the processed meat and pastry business taken over as part of the Matthews acquisition having a difficult six months, losses from these areas totalled £1.5m. The meat losses resulted from over-capacity, with too many abattoirs competing for livestock whose numbers are decreasing owing to lack of farming confidence, directors say.

In New Zealand, where the group has 46 per cent of net assets, worsening labour disputes have resulted in Borthwick operations suffering substantial losses despite firm NZ lamb prices overseas, particularly in the UK.

The disputation is a reflection of the basic problems of economic structure facing the country and so there is no short-term panacea. Also, the group is facing high capital spending to meet EEC hygiene and veterinary requirements.

After tax of £1.48m (£2.69m), minority profits of £168,000 (£9,000 to minorities) and extraordinary losses of £8,000 (£224,000), attributable profit came *out at £0.88m against £2.18m last time.*

With the Matthews acquisition to the processed meat and pastry activities are being integrated with the Freshbake business and the loss making factory at Thamesmead has been sold. Directors say the full benefits will not be seen in the accounts until next year.

INDEX TO COMPANY HIGHLIGHTS

The retail butchers, flavours and bakery divisions of Matthews are in good shape and making profits and the former head office at Epsom has virtually been integrated, resulting in the imminent closure of Epsom and significant future cost savings.

Disposals of unrelated Matthews activities have gone ahead apace in the six months and have brought £4m in cash into the group.

Most operations have now been merged with Borthwicks and augur well for the future, directors say. Action has been taken to correct problem areas, and although improvements can be *seen they do not expect the full* benefits to be reaped this year. There have been heavy closure costs together with repayments of specific secured borrowings.

See Lex

Industrial & Gen. raises investment

In the March 31, 1978 year Industrial and General Trust *invested £110,000 more than was* realised from the sale of investments, compared with a £1.2m net investment in the previous year.

And the accounts show that realisations exceeded investments in Europe, Australasia, Japan and other countries with net investment made in the UK, the U.S. and Canada.

There was a £1.75m disinvestment in Europe (£0.31m), £1.22m (£0.61m) in Australasia, £0.81m (£0.69m) in Japan and £0.21m (£0.72m) in other countries.

In the UK the net investment was £2.04m (£3.68m), in the U.S. £1.89m (£0.24m) and in Canada £0.17m (£0.39m disinvestment).

Total sales of investments in the year were £18.97m (£11.8m) against purchases of £19.08m (£13m).

During the year the group increased the amount of investment in consumer non-durables from 15.3 per cent to 17.2 per cent of total investments of £169.24m (£155.05m). The stake in consumer durables was up from 3.6 per cent to 4.1 per cent at year end.

The investment in financial *activities rose from 31.4 per cent* to 32.8 per cent, and the "others" group—including chemicals, pharmaceuticals, shipping and oils—was reduced from 28.8 per cent to 26.3 per cent.

The UK accounted for 60 per cent (54.3 per cent) of total equity investment at year end with the U.S. down from 15.7 per cent to 14.3 per cent, while Japan accounted for 6 per cent (5.6 per cent).

● comment

An innovation in the Industrial and General report is a geographical breakdown of net investment purchases, showing that last year the trust was repatriating funds from Europe, Australia and Japan, and building up its holdings in the UK and the U.S. (in the latter case, resources were increased by 8 per cent). This policy seems to have worked out satisfactorily so far, but the managers emphasise that despite last year's profit-taking they intend to increase their commitment in future to Japan, while on the other hand they are a little suspicious of Wall Street's recent rally. The feature of the past year has been the good income performance—with the gross dividend up nearly 22 per cent—while the capital performance has been satisfactory, though slightly lagging the UK All-Share Index in the year ended March.

First-half advance by Muirhead

ON HIGHER sales of £10.08m against £8.53m, pre-tax profit of Muirhead, manufacturer of electro-mechanical devices and communications equipment, advanced from £652,000 to £852,000 for the six months to March 31, 1978. For all the previous year, a record surplus of £1.6m was achieved.

The directors report that prospects for the remainder of the current year are encouraging, with order books being maintained.

These include a substantial order for development of ship stabilisers for the U.S. Navy, record order levels for *Pagefax* and Mufax systems and rotary and opto-electronic components and systems orders at their highest ever levels.

After tax of £448,000 (£323,000) net profit for the period improved from £329,000 to £404,000. To reduce disparity the interim dividend is lifted to 2p (0.7p) net—a total of 5p (3.705p) per 25p share for the current year was forecast at the time of the December rights issue.

	Six months 1977-78 £000	1976-77 £000
Group sales	10,078	8,530
UK trading profit	901	731
Overseas trading profit	91	40
Group trading profit	992	771
Interest earned	1	2
Profit before interest	993	773
Interest charges	95	85
Debenture interest	34	36
Associate loss	12	—
Profit before tax	852	652
Taxation	448	323
Net profit	404	329

● comment

Muirhead is at least living up to some of the promises that it made at the time of its £3m rights-issue last December—that turnover and profit would show substantially larger growth. Certainly a 31 per cent jump in taxable profits compares with the unexciting 8.7 per cent in the previous first half although turnover growth of 18 per cent is similar to that of the comparable period. What has helped has been the near 20 per cent reduction in costs over the last 18 months or so through the rationalisation of designs and the use of more efficient machine tools. Also, in data communications activities the group has completed its changeover to international standards. However the group's new Pagefax laser system is behind schedule and is only just reaching the end of its development programme in the U.S. It will not be making a significant contribution to profits for some time to come. Meanwhile the group continues to devour working capital. After the benefits of the £3m rights issue the group is once again in a net borrowed position. For the year £2m pre-tax looks possible, compared with £1.6m, so at 183p the shares stand on a prospective p/e of 14, and yield a prospective 4.2 per cent. The shares could be vulnerable to profit taking.

K Shoes well up at halfway

PRE-TAX profits of K Shoes for the half year to March 31, 1978 were nearly doubled from a depressed £818,000 to £1,586,000 on turnover ahead from £21.39m, to £25.72m. The group recovered in the second half of the 1976-77 year to finish with £2.08m, (£1.56m.) pre-tax.

Mr. Spencer Crookenden, the chairman, says that the group's shops maintained a satisfactory level of turnover throughout the first half and that the factories' performance has been improving. He adds that the group is now achieving a modest profit and has an order book which insures a full work load well into the second half of the current year.

For the current year the group has adopted SSAP 9 *relating to* the valuation of stocks, and ED 19 procedure for deferred tax. Comparative figures have been adjusted accordingly.

The interim dividend is increased from 0.77p to 0.99p net per 25p share, absorbing £149,000 (£116,000)—last year's final was 1.5p.

Net profit was £1.15m (£0.67m.) after tax £0.43m. (£0.15m.).

● comment

With the manufacturing companies at K Shoes moving back into a "modest" profit, virtually doubled pre-tax earnings at the interim stage are a further sign of the group's dramatic recovery. Last year's comparable figure included stock losses and substantial redundancy payments resulting from the Norwich closure. But with the order book now full through to the autumn, a likely boost from increased consumer spending and better demand for children's and women's shoes, profits from manufacturing should continue to expand.

K's retail side—there are about 200 shops in the UK and 11 in Holland—continues to carry the rest of the group and again contributed the bulk of earnings. Cheap imports are generally pitched below the company's price range but the 15 per cent decline in UK shoe imports in the first quarter of 1978 has certainly eased competition from abroad. *After rising 5p to 65p yesterday the shares yield just 5.9 per cent* on the maximum permitted dividend.

Peak £88 655 at British & American Film

Pre-tax profit of British and American Film Holdings jumped from £38,738 to a record £88,655 for 1977.

Stated earnings per 5p share are 2.177p (0.511p) and the dividend is increased from 1.70714p to 1.90671p net absorbing £53,388 (£47,800).

Profit is subject to a tax charge of £27,708 (£24,428) and also an extraordinary credit of £136,194 (£111,312), which is the net profit on sale of investments. Retained profit brought forward was £149,920 (£153,410) making £347,061 (£309,032).

After dividends and a transfer to capital reserve of £136,194 (£111,312) retained profit carried forward came to £157,479 (£149,920).

After crediting profits of £113,896 (£181,772 loss), arising from the translation of loans payable in currency to sterling, results of the wholly-owned subsidiaries, which are not included in the figures for the holding company, show that on a turnover of £312,335 (£443,405) they incurred a pre-tax loss of £48,160 for 1977 compared with a profit of £167,238.

Tax for the period took £2,000 (£9,000), leaving a loss of £50,169 against £146,238 profit, after £30,000 dividend to the holding company last time. Loss per share is given as 1.791p (6.294p earnings).

Wace Group advances to £135,000

A record taxable profit of £135,200 against £122,400 previously is reported by Wace Group for 1977. Turnover in the period climbed from £1.81m. to £2.27m.

There has been a sharp upturn in business in the current year and directors say it seems probable first half profits will be similar to the 1977 full time level.

They point out that first half profits tend to be higher than second half results. At halftime in 1977 profit was ahead from £70,800 to £75,530.

The full year result is subject to tax of £60,100 (£48,400), and attributable profit was £67,770 (£55,030).

Earnings per 20p share are shown at 6.29p (6.24p), and a final dividend of 1.4p net takes the total from 1.4p to 2.1p. A one-for-three scrip issue is also proposed.

Directors say the policy of investing in new equipment is continuing and is essential in order to keep abreast of changing industry techniques.

No upturn yet, says GKN chief

NO SIGN of any improvement in trading conditions is yet apparent, Mr Barrie Heath, chairman of Guest Keen and Nettlefolds, told the annual meeting, in Birmingham, yesterday.

Times were difficult but an improvement would come and management was taking active steps to ensure it was ready to react to and reinforce any sign of an upturn.

Mr. Heath held out the prospect of "exciting technical developments," mainly in the automotive sector. He was very confident of the new factory scheduled to be in operation in North America by late 1979 to produce constant velocity joints for front-wheel-drive cars.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Advance Laundries	1.55	—	1.36	1.85	1.66
Ambrose Inv.	2.7	July 27	2.5	4.5	4
Thos. Borthwick ......int.	2.4	July 10	2.4	—	6.2
Brit. and Am. Film Hldgs.	1.91	—	1.71	1.91	1.71
Fine Art	1.03	July 6	0.65	1.83	1.2
Hunting Assd.	1.6	—	1.39	2.05	2.66
Investment Tst. Cpn.	4.7	July 12	4.1	6.7	5.92
K Shoes ......int.	0.99	Sept. 8	0.77	—	2.27
Leisure Caravan	2.43	—	2.4*	4.48	4.01*
Muirhead ......int.	2‡	July 14	0.7	—	3.71
Plaxton's (Scarboro') int.	1.75	June 17	1.5*	—	3.9*
Redfearn Nat. Glass .. int.	5.28	July 20	1.27	—	10.56
Scottish National ......int.	1.4	June 20	1.25	—	3.43
Transparent Paper	3.26†	—	2.76	4.94†	4.42
Wace Group	1.4	June 29	0.96	2.1	1.4

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ To reduce disparity.

Hunting Asscd. ahead by £0.6m to £4.6m

WITH A rise from £2.34m to £2.59m in the second half of 1977, taxable profit of Hunting Associated Industries ended the year at £4.6m, compared with £4m for 1976. Turnover advanced from £72.97m to £88.54m.

At midway, when reporting profit ahead at £2.01m (£1.65m), the directors said they expected the second half to show further improvement.

A geographical analysis of 1977 trading profit of £5.16m (£4.5m) shows (in £000s): UK £3,799 (£2,762), South Africa £830 (£663), Canada £81 loss (£751 profit), United Arab Emirates £509 (£300) and other £104 (£28).

The directors expect the contribution from UK-based companies *to continue to increase, but say* they must place reservations on the size of the contribution that can be *expected from overseas.* Overall, they look for further progress in 1978.

A divisional breakdown of turnover and trading profit shows (in £000s): aviation support £25,058 (£25,436) and £1,563 (£1,894), engineering £47,391 (£33,845) and £2,935 (£2,098) and resource surveys and photography £16,089 (£13,688) and £663 (£512) respectively.

The pre-tax result was struck after amounts of £500,000 (same) set aside in respect of overseas investments and non-remitability of overseas currencies, and pension scheme augmentation of £150,000 (£100,000), but included a £90,000 (£93,000) share of profits from associates.

Tax took £2.09m. (£1.94m.) and comprised: corporation tax £194,000 (£51,000), overseas taxes £246,000 (£762,000), deferred tax £1.65m (£1.26m) less a prior-year credit last time of £135,000. After minorities of £353,000 (£203,000) attributable profit was up from £1.85m to £2.16m.

Earnings per 25p share are given as 27.26p (£23.39p), while a final dividend of 1.59867p raises the total for the year from 2.661384p to 2.94867p net, costing £235,000 (£209,000)—any change in ACT rate will be reflected in a supplementary *dividend to maintain* the gross equivalent at the maximum permitted, the directors point out.

● comment

Higher earnings from its engineering and resource survey and photography divisions account for Hunting's 15 per cent pre-tax profits growth. The engineering division in particular has contributed nearly £3m to group profits which represents an increase of 40 per cent. This is largely due to an equally sharp upturn in UK operations where Hunting really scored in defence contracting and aviation support. Total UK profits amount to £3.8m, a rise of about 38 per cent. Overseas, the group has performed better in South Africa on general aviation business and in the United Arab Emirates, where its Dubai industrial plastic subsidiary has had a good year. Canada's recessionary economy, however, has thrown its operations there into losses of £81,000 against a profit of £751,000 in 1976. The Canadian difficulties have also dragged earnings from its aviation support division down by some 18 per cent. Consequently, Hunting is expecting less from its overseas operations this year. But as U.K. operations are continuing to show steady progress, the group expects to maintain profits growth at about the same rate. The shares rose 5p to 235p yesterday which gave a p/e of 8.6 and a yield of 1.9 per cent covered nine times.

ESSEX WATER

The Offer for Sale by Essex Water Company of £5.5m 7 per cent redeemable preference stock, 1983 attracted tenders for £5,989,100 stock. The lowest price to receive a partial allotment was £97.55 and the average price was £97.77.

Dealings will start today.

Leisure Caravan's £1.9m

AFTER SHOWING an advance from £1.56m to £1.93m at the eight months stage, pre-tax profit of Leisure Caravan Parks finished the year to February 28, 1978 at a record £1.94m, compared with £1.59m last time.

The directors state that the occupation of parks continues at a satisfactory level and indications are that record profits will be achieved again.

Full year results was struck after depreciation of £291,000 (£165,000) and interest of £248,000 (£90,000). Tax took £870,000 (£745,000) leaving net profit ahead from £0.85m to £1.07m.

Stated earnings increased from 8.1p to 10.2p per 10p share. A final dividend of 2.434p net effectively raises the total payment from 4.01175p to the maximum permitted 4.476p, absorbing £467,000 (£415,000)—if dividend legislation is modified or not renewed, the directors say they will review the position in time to make a recommendation at the AGM. A further one-for-three scrip issue is also proposed.

The directors add that last year cash flow followed the usual trend and during the summer the group had in excess of £600,000 on short term deposit in the UK, having repaid all overdrafts. In addition, the subsidiary in the U.S. also had some $600,000 on short term deposit. They expect a similar trend this year.

On July 1, 1977, Lake Arrowhead caravan park in South Carolina, U.S. was purchased for $4.7m. Because the park was acquired mid-season, it was not expected to contribute to profits in the 1977-78 year and this proved accurate, say the directors, for after meeting all the costs of financing the acquisition, the contribution to profits was negligible. However, they are very satisfied with the progress being made by Lake Arrowhead.

Last June, the group purchased for £340,000 cash, Northney Marina, in Hampshire, from the receiver of a building company which had been unable to complete the development. The marina berths have since been completed and now accommodate 200 boats.

York Trailer warns of midway setback

BY TIM DICKSON

York Trailer, the UK's second largest trailer group, has run into local exchange control difficulties with some of its major overseas customers.

Reporting 1978 first-quarter *profits 5 per cent* ahead at £515,000, the company says earnings for the half-year are expected to be "somewhat below" last year's interim figure of £1.14m.

Commenting on the present poor market conditions, Mr. Fred Davies, the chairman, said the group's export markets are suffering from temporary exchange control problems, mainly in Africa.

Last night Mr. Davies explained that the difficulties had arisen chiefly in developing countries, notably Nigeria and Kenya, and in Turkey: "It is taking a few weeks for the central banks in these countries to grant our customers permission to buy the *required amounts* of sterling," he added. "It means that we are unable to complete contracts which have been agreed in principle. Indeed, we have goods stocked up right back to the raw material stage."

Mr. Davies would not forecast how badly half-time profits would be hit. Last year exports, chiefly through the recent Carrimore acquisition, accounted for £14m of sales totalling £36.2m. The export target for the current year has now been revised downwards while Carrimore profits so far are understood to be "virtually nil."

Looking ahead Mr. Davies said he hoped the foreign exchange problems would be sorted out by the year-end, but there was no guarantee. Difficulties had been experienced in the past with individual countries but this was the first time payment delays had been "bunched."

He also blamed what he called the UK Government's "procrastination" in bringing weight restrictions on trailers into line with the EEC.

Trailers in the UK are at present only permitted to carry 32 gross tonnes, against 38 in other EEC countries. "There is a substantial pent up demand within the industry which, incidentally, would be so stimulated by a Government decision on EEC weights."

Because of current difficulties, the group is only working to about 65-70 per cent capacity. The directors are expecting to increase the interim and final dividends this year by the present maximum permitted 10 per cent, or more if that is possible when *Government regulations are reviewed.* Last year 2.143p net per 10p share was paid.

Transparent Paper falls £0.38m

Following an interim downturn from £608,000 to £510,000 Transparent Paper finished the year to April 1, 1978, with pre-tax profits down to £1.14m compared with £1.52m last time.

On capital increased by last year's rights issue, earnings are shown at 7.7p per 25p share compared with an adjusted 12.57p. The dividend is stepped up from 4.42p to 4.935p net with a final of 3.255p.

Profit figures were struck after depreciation of £823,689 (£720,907) and were subject to a tax charge of £589,298 (£787,165) which left a net profit of £548,704 (£733,707).

● comment

Transparent Paper has failed to match its record results of 1976/77 in its latest financial year but the market has come to expect a patchy performance from this *company. There were setbacks* between 1970 and 1972 and profit growth was again disrupted in 1975/76. The group sells its products to the confectionery, tobacco, biscuit, bakery and snack food trades and is thus dependent on final demand in this sector for its sales. Its basic raw material is wood pulp and earnings were hit, particularly in the first half, by poor quality Canadian woodpulp supplies. The dull first half figures gave the market ample warning of the full year's results and the share price closed unchanged at 66p yesterday. The gross yield is 11.8 per cent and the p/e is 8.5. The dividend is 1½ times covered by earnings.

ISSUE NEWS

Yearlings up to 9⅞%

The coupon rate on this week's batch of local authority yearling bonds is up from 9¾ per cent, to 9⅞ per cent. The bonds are issued at par and are due on May 30, 1979.

The issues are:—Angus District Council (£½m), Darlington Borough Council (£½m), Dudley Metropolitan Borough Council (£½m), Cleethorpes Borough Council (£½m), Cotswold District Council (£½m), South Bedfordshire District Council (£½m), Ashford Borough Council (£½m), Restormel Borough Council (£½m), Sefton Metropolitan Borough Council (£½m), Trafford Borough Council (£½m), Stroud District Council (£½m), East Staffordshire District Council (£½m), Borough of Kettering (£½m).

Redditch District Council is raising £½m by the issue of 11 per cent bonds due May 21, 1980, at par.

The London Borough of Haringey is raising £2½m by the issue of 11⅝ per cent bonds dated May 20, 1981, at par.

The Metropolitan Borough of Knowsley has issued £½m of 12 per cent stock dated May 19, 1982, at par.

Swale Borough Council has raised £½m of variable rate bonds dated May 20, 1981, at par.

The following variable rate bonds dated May 18, 1983, have been issued at par:—Tonbridge and Malling District Council (£½m), South Kesteven District Council (£½m), Luton Borough Council (£½m), Borough of Pendle (£½m), London Borough of Southwark (£1m), Warwickshire County Council (£½m).

Member, FDIC

Morgan officers specialising in Euro-syndications are based around the world. Shown at a meeting in London are, from left, Antoinette Daridan and Eric Guerlain, Paris office; Mary Gibbons, Thomas Harris, and Ralph Bunche Jr., London office.

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When a government, or a government agency, or a multinational corporation turns to the Euro-currency market for financing, it expects discretion, innovation, and speed. In the past year The Morgan Bank's Euro-syndication specialists consistently met all three criteria in managing or co-managing over $10 billion in loans to countries and companies.

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The Morgan Bank

Fine Art climbs 30% to record £4.72m.

A JUMP in taxable earnings of 30.5 per cent from £3.62m to a record £4.72m on sales up 25.4 per cent at £41.87m, against £33.38m was achieved by **Fine Art Developments**, greetings card publisher, for the year to March 31, 1978.

When announcing first half profits higher at £1.15m (£863,000) the directors said that the Christmas selling season had begun earlier than in previous years. With early second half sales showing a satisfactory increase they forecast higher full year results.

A net final dividend of 1.0348p per 5p lifts the total to 1.8348p (1.2012p) and stated earnings per share are shown at 4.863p (4.415p) or, without provision for deferred tax, at 9.043p (6.953).

	1978 £	1977 £
Sales	[illegible]	[illegible]
Trading profit	[illegible]	[illegible]
Investment income	[illegible]	[illegible]
Interest	[illegible]	[illegible]
Profit before tax	**4,720,752**	**3,618,132**
Tax	[illegible]	[illegible]
Net profit	[illegible]	[illegible]
Extraord. credits	[illegible]	*99,669
To minorities	[illegible]	[illegible]
Attributable	[illegible]	[illegible]
To capital reserve	[illegible]	91,905
Interim dividend	[illegible]	[illegible]
Final	[illegible]	[illegible]
Retained	[illegible]	1,293,062

* Debits. † From minorities.

● comment

Fine Art Development has maintained its steady growth record by raising pre-tax profits by a third. After a buoyant first six months, the traditional strong second half not only matched the pace but lifted trading margins by one point to 15.4 per cent. A volume sales increase of 10 per cent for the full year reflected steady growth in its mail order gift business, which now accounts for some 70 per cent of total sales, and greeting cards. Overseas operations, especially in France, also continued to pull their weight while Australia managed a small reduction in its losses last year. With both the UK and European centres expected to make further progress and Australia likely to break-even, Fine Art could be able to lift pre-tax profits by another one-third this year to £6m. At 48p yesterday, the shares yield 5.9 per cent and the p/e is 9.6.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Allied London Properties, Avon Rubber, BOC International, John Carr (Doncaster), J. H. Dennis, Ley's Foundries and Engineering, MEPC, Ransome Hoffman Pollard.

Finals—Allied Leather, British Sypnon, Brunning, Dwek Group, Eastern Produce, W. and J. Glossop, Govett European Trust, Philip Hill Investment Trust, Keyser Ullman, London Atlantic Investment Trust, London and Northern Group, Manchester and London Investment Trust, Monks Investment Trust, Pritchard Services, Scottish Heritable Trust, Tuzie Products, Trust Union.

FUTURE DATES

Interims—

Comet Radiovision	June 6
Elson and Robbins	June 6
English China Clays	June 15

Finals—

Buckley's Brewery	June 5
De La Rue	June 6
Downiebrae	June 2
Edinburgh and General Invests	May 31
Gough Bros.	June 1
Guthrie	June 5
Mountview Estates	June 1
Toray Industries Inc	May 25
UBM	June 1

Ambrose Inv. pays more

A final net dividend of 2.7p for the year to March 31, 1978, compared with 2.5p, lifts the total to 4.5p (4p) per 25p income share of **Ambrose Investment Trust**.

Revenue was up from £483,962 to £528,393 for the year, subject to a tax charge of £177,324, against £168,491.

Net asset value is shown as 30.42p (30p) per income share and 147.08p (89.17p) per 25p capital share.

Rise so far at City Hotels

Turnover and profits in the first four months of 1978 have been ahead of last year at **City Hotels Group**, and Mr. Phillip Kaye, the chairman, expects another good year.

But because of the seasonal nature of its business he says it is too early to forecast the outcome for the year.

So far in 1978 further franchises for Dayville ice cream parlours have been granted both in the UK and overseas and City Hotels intends granting more franchises and opening group owned parlours.

Since the year end three more restaurant sites have been obtained and directors intend expanding restaurant operations through acquisition, and to refurbish existing premises.

The directors will also consider any opportunities to expand its hotel operations.

Profit last year was up from £0.74m to £1.07m.

Meeting, Henry VIII Hotel, W, June 14, at 10.30 am.

Tricentrol up in first quarter

WITH THE UK automotive and trading activities lifting their operating contribution from £461,000 to £844,000, taxable profit of **Tricentrol** rose from £1.03m to £1.15m in the March 31, 1978 three months.

There was a £17,000 profit (£22,000 loss) from North Sea oil and gas operations, although directors point out that following delays in the start up of production at the Thistle Field, any significant impact from this operation will not show through until the second quarter.

At yesterday's AGM it was announced that the sixth Thistle well had been brought into production on May 21, and the following day production was 93,800 barrels—from five wells up to 70,000 barrels were being produced each day.

The fourth tanker from the field has almost completed loading, and Tricentrol's first cargo is expected in July this year. Oil from the field will begin flowing through the Brent pipeline system by January next.

In North America during the quarter limitations on exports of oil and gas from Canada to the U.S. affected turnover, which was down from £2.18m to £1.99m. Directors say problems continue with the lack of direction of U.S. energy policy, although the group's exploration activities have maintained progress with additions to reserves.

Continental operations dropped from an £88,000 profit last time to a £121,000 loss and directors say it is suffering from heavy competition in weak markets. The group is seeking to contain what it considers to be short term acute adverse trends in the Benelux, while increasing its sales base in the German market.

On the UK commercial side part of the strong performance by the automotive division was owing to the inclusion of Leeds Ford main dealer, Brown and White (Holdings). Demand on the car side has been exceptionally strong, directors say, while the truck group continues to make progress.

Directors have been encouraged during the period by the strength now beginning to show through in the trading division. Builders merchants have increased volume significantly through greater market penetration, while the hardware and DIY business is picking up.

Canadian trading activities increased their loss from £11,000 to £38,000 and overhead cost reductions coupled with some trading improvement should curtail the losses, pending decisions regarding the timing and method of ultimate disposal.

A positive contribution from Australian operations is expected after its first quarter £1,000 loss (£1,000 profit).

TKM poised to respond to pick up in trade

IF WORLD trade does pick up **Tozer Kemsley and Millbourn (Holdings)** has never been better poised to respond, Mr. K. A. C. Thorogood, the chairman says in his annual review.

Group techniques and the quality of business are continually improving, he says. Unutilised financial facilities from bankers around the world for its various diverse forms of trade-finance currently run into nine figures, so that adequate funds are available.

He points out that gearing in real terms can be effectively controlled by the use of credit insurance. In 1977 the actual and contingent liability to bankers compared with shareholders funds was down from 3.2 : 1 to 2.6 : 1.

But the chairman says that increased volume for any financing business must be contained within the capacity of the creditor to monitor the risk. In the finance of international trade TKM's growth will be steady, but not spectacular.

On the forest products side—where TKM is the world's largest broker and finances a significant proportion of this trade—the group looks to a healthier level of world demand and a consequent improvement in prices as well as growth from the development of new agencies for improved results.

With its Canadian operations, moves have been made to strengthen management and there has been an improvement in the performance there.

In Canada last year on the international trade finance side, TKM withdrew from a number of local accounts with minimal losses and there has been a turnround in current business. The directors look to the reduced operation being profitable in the future.

On the investment front, the 97.5 per cent owned McKee Brothers has broadened its production base and recently launched a range of European tractors in Canada. Losses last year were substantially reduced and this trend continues.

The current year has begun most satisfactorily for BMW Concessionaires GB, while at Mazda Car Imports (GB), the recent voluntary restraints on shipments of Japanese cars to the UK may restrict development in the current year. Abelson Plant (Holdings) is exploring opportunities to expand overseas.

The outlook at Pierce and Price Group is promising for the UK timber trade, Mr. Thorogood says, despite lower prices and hesitant buying.

The woodpulp prospect indicate progress, and the transportation activities are more confident than in recent years. Most significantly, the travel trade is having an excellent year and very good results are expected.

Downturn at Advance Laundries

FOLLOWING AN advance from £1.58m to £1.73m at halfway, a decline in second-half profitability meant that **Advance Laundries** finished 1977 with pre-tax profit down by £0.1m at £3.35m. Turnover was higher at £22.8m against £21.82m.

At the midway stage, the directors said results were expected to continue at a somewhat better rate during the second half.

After tax of £1.56m (£1.87m), minorities £0.44m (£0.48m) and an extraordinary credit of £57,882 (£164,947 debit), attributable profit for the year increased from £0.93m to £1.11m.

A final dividend of 1.552p net makes the total payment 1.852p (1.6591p) per 10p shares costing £547,526 (£490,201). Retained profit emerged at £548,391 (£425,777).

Reliance Mutual Insurance

The rate of inflation in this country was still far too high, despite recent improvements, and this caused difficult problems for life companies, stated Mr. F. R. Pedler, chairman of **Reliance Mutual Insurance Society**, in his statement accompanying the annual report and accounts for 1977.

Life companies had two means of dealing with the problem of keeping premiums constant—increase new business so as to spread overhead costs and find more economic means of handling the business. He was encouraged to report that both these aims were being achieved.

Mr. Pedler reports that in the ordinary branch, there was an increase of 125 per cent in new sums assured to £33m in 1977. In the fire and accident branch, the deteriorating claims experience continued during 1977 and an increase in premium rates was unavoidable. These increases, however, did not have a material effect on 1977, because there was insufficient time, and there was a substantial deficit on the year. There had been a high level of acceptances by policyholders of the new rates and there should be a considerable increase in premium income this year and he anticipated a return to surplus on the account.

The ordinary branch revenue account shows that annual premium income rose by 15 per cent to £1.16m, while single premium business over 50 per cent higher at £225,000. Claims and expenses accounted for £1.75m and the fund rose to £9.1m from £7.5m over the year.

On the industrial branch, premium income rose slightly to £1.3m and investment income by 15 per cent to £606,000, while an amount of £1.2m was credited for unrealised appreciation of assets. Claims and expenses were 5 per cent higher at £1.5m and the fund at the end of the year stood at £8.4m against £7m at the beginning.

Little change expected at Bridon

Mr. Harry Smith, the chairman of **Bridon**, forecast at yesterday's AGM that profits for 1978 would be similar to last year's reduced £11.61m.

Although profits so far this year were below the same period of 1977, they showed a distinct improvement on the depressed level experienced in the final quarter last year.

He said that while there had so far been no general improvement in the state of trade, there had been no further deterioration. Action taken to reduce operating costs and, where necessary, change marketing strategy was beginning to take affect.

MONEY MARKET

Full credit supply

Bank of England Minimum Lending Rate 9 per cent.
(since May 12, 1978)

Conditions were slightly less nervous in the London money market yesterday, helped by early news that the Government broker had sold some long "tap" gilt-edged stock. Discount houses buying rates for three-month Treasury bills remained above the trigger point for a rise in Bank of England Minimum Lending Rate, however, and houses were also reluctant to buy bills from the authorities on anything but a small scale to mop up surplus liquidity.

The supply of day-to-day credit was rather patchy, and some houses had difficulty in finding closing balances, even though money was generally in surplus. Under the present circumstances the houses were only interested in very short-dated Treasury bills, and the authorities sold a small amount of bills to the houses, which was not enough to absorb the full surplus.

Banks brought forward surplus balances and the market was also helped by very substantial Government disbursements, in the form of the Rate Support Grant, which outweighed revenue payments to the Exchequer.

On the other hand there was a fairly large net take-up of Treasury bills to finance, a sizeable rise in the note circulation, and maturing local authority bills held by the authorities.

Discount houses paid 6¾-7¾ per cent. for secured call loans, and closing balances were taken at around 7 per cent.

In the interbank market overnight loans opened at 7½-7¾ per cent., and ranged between 6¾ per cent. and 8 per cent., before closing at 7 per cent.

May 23 1978	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount market deposit	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	-	6¼-8	-	—	—	7½	6½-7¼	-	—	—
2 days notice	-	—	8¼	—	-		—		—	—
7 days or				—						—
7 days notice		8⅛-8⅞	8½-8⅝	-	8⅝-8¾	8½	7¼-7½			—
One month	9-8[illegible]	9⅛-9[illegible]	8⅝-8¾	9⅜-9¼	9¼-9[illegible]	9½	7⅞-8	8¼-8⅜	8-8½	9⅜
Two months	9½-9¼	9½-9⅝		9½-9¼	9⅝-10	--	8⅝	8[illegible]	9[illegible]	9⅝
Three months	9¾-9[illegible]	9¾-10[illegible]	9-9½	9⅝-9	10⅛-10¼	10	8½-8⅝	8[illegible]-8⅝	9⅝-9[illegible]	9[illegible]
Six months	10¼-9	10⅛-10⅜	9¼-9½	9⅝-	10¼-10⅝	--	-		9½-10	10¼
Nine months	10¼-9	10⅛-10[illegible]	—	9⅛-9⅝	10½	--				—
One year	10¼-9	10¼-10½	9½-10	9⅛-9¼	10½	—	—	—	-	—
Two years		—	10½-10[illegible]		—	—	—	-		—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rate nominally three years 11½-11¾ per cent; four years 12 per cent; five years 12¼-12½ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 9⅝-9¾ per cent; four-month trade bills 10 per cent.

Approximate selling rates for one-month Treasury bills 8¾-8⅞ per cent; two-month [illegible] per cent; and three-month [illegible] per cent. Approximate selling rate for one-month bank bills 8⁹⁄₁₆-8¹¹⁄₁₆ per cent; and two-month 9¹⁄₁₆ per cent; and three-month 9⅜-9⁵⁄₁₆ per cent; one-month trade bills 9¾ per cent; two-month 9½ per cent; and also three-month 9¾ per cent.

Finance House Base Rates (published by the Finance Houses Association) 7½ per cent from May 1, 1978. **Clearing Bank Deposit Rates** (for small sums at seven days' notice) 6 per cent. **Clearing Banks Base Rates** for lending 9 per cent. **Treasury Bills:** Average tender rates of discount 8.4324.

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Reconstruction delays aid Redfearn in first half

DUE IN part to the delayed start to some of the group's furnace reconstruction work, profits for the 26 weeks to April 2, 1978 at **Redfearn National Glass** were ahead of expectations. The pre-tax balance is up by £0.76m to £1.79m for the period.

Redfearn recently won its case in the Monopolies Commission investigation. The Commission banned the two bids from the Rockware Group and United Glass and the bid from Rheem International was dropped after being referred to the Commission. Costs incurred by Redfearn amounted to £69,345 during the period and are charged as an extraordinary item. Some further costs will arise in the second half, the directors say.

For the full 1976/77 year a record profit of £4.39m was achieved and in the annual statement the directors said that production in the first half would be reduced as a result of furnace reconstruction and this would adversely affect the results.

They now say that demand for glass containers is currently increasing satisfactorily and they expect activity in the second half to remain at a high level.

The benefits of the company's substantial capital expenditure programme are coming through steadily and they are confident that this will show a good return. And for the full year they look forward to profits which, they say, should be reasonably in advance of 1977.

Sales for the 26 weeks were up by £5.1m to £22.63m and despite a quiet period in the opening months, the company has achieved a useful increase in the volume of containers sold. Two price increases were implemented during the half year, one of 10 per cent and the other 6 per cent, but the directors hope to be able to hold selling prices at their present level until at least the end of the current year.

The delay on furnace reconstruction was caused by the British Oxygen strike late last year, the directors say, but scheduled repairs were made on two of the furnaces at the Barnsley works, and a third furnace was completely rebuilt to latest design standards. One of the furnaces at York is currently being rebuilt, they add.

The first phase of the batch mixing plant at Barnsley was commissioned in February, 1978, and the initial performance has been satisfactory. The second phase is now under construction and is expected to be completed in the early part of 1979.

The directors add that two of the most advanced forms of production machine were installed in the factory at Barnsley. They consider that the improvement to product quality and productivity afforded by these machines will fully justify their high initial cost.

Stated earnings per 25p share are 23.96p (16.44p) for half-year and the interim dividend is up from 1.269p to 5.28p net, which is in accordance with the forecast made in the group's bid rejection document, last September—last year's final was 9.291p.

Redfearn is not alone in incurring costs as a result of the Monopolies Commission investigation. United Glass yesterday indicated that its costs were also significant but not as high as those recorded by Redfearn. Rockware's managing director, Mr. J. H. Craigie, said his company's costs were nowhere near those of Redfearn.

The costs mentioned by the three companies cover only the fees paid advisors for professional services and costs of being represented at the hearings. No figure was placed on the value of management time of executives involved in the exercise. The combined cost plus the management time costs would push the cost of the commission investigation for the three companies to well beyond the £100,000 mark.

The group has adopted the ED 19 procedure, and comparatives have been restated. Tax charge for the 26 weeks, £330,000 against £30,000, relates solely to ACT written off as not immediately recoverable, less corporation tax recoverable. In view of the high level of capital expenditure and stocks, no liability to corporation tax arises.

	26 weeks 1977-78	1976-77
	£	£
Sales	22,630,000	17,541,000
Depreciation	1,349,686	886,712
Trading profit	1,969,714	1,078,744
Interest received	818	44,740
Deb. and bank int.	182,121	91,680
Pre-tax profit	1,788,412	1,031,804
Tax	330,000	30,000
Net profit	1,458,412	1,001,584
Extraord debit	89,345	—
Leaving	1,369,067	1,001,804

● comment

Redfearn's first-half performance is not necessarily indicative of the likely full-year result. The volume of sales is up on the same period last year, there is a slight improvement in market share and margins have improved—but not to the extent indicated by the comparative figures. For a start, last year's interim period was not one of Redfearn's strongest. Also the delay in starting some furnace reconstruction work has meant that production in the latest first half was well ahead of last year and the company was thus better placed to meet demand. But the delay means that the costs associated with the reconstruction will affect the second-half figures. In the first three months of 1978 the industry as a whole reported a slight drop in production and sales but Redfearn posted a useful volume gain. This greater market penetration plus the growing interest by brewers in the company's new, wide-mouthed, quarter-litre bottle augurs well for the future. The interim dividend is increased to 5.28p in line with the forecast full-year payout of 15.84p, which indicates a yield of 8.2 per cent at 298p.

Good trend at Gill & Duffus

THERE ARE already signs that 1978 is shaping well, Mr. F. M. Gill, the chairman of Gill and Duffus Group, commodity broker, merchant and processor, says in his annual statement.

As previously reported, pre-tax profit in 1977 climbed from £13.44m. to £20.4m., with cocoa operations proving outstanding, particularly in the industrial sector.

Rubber made a significant contribution while coffee proved disappointing. The new tea company Matheson Gill and Duffus enjoyed an excellent year and directors believe this commodity will prove to be an important growth area for the future.

There was also a significant contribution from edible nut kernels, dried fruit and general produce, and Mr. Gill says there is further scope for development both in trading and processing.

Last year the group invested in Charles Fulton and Company, international money brokers, and profits have so far exceeded forecasts.

The combining of its Lloyd's insurance broking interests with Brooke Bond Liebig resulted in better results than the sum of those previously earned by the individual companies.

The sugar market continued quiet and difficult in 1977, and so far trading has not been profitable. Despite quiet metal markets progress has been maintained in London and Paris.

The group also moved into chemical trading last year, and Mr. Gill is hopeful that progress will be made.

At balance date fixed assets were £8.39m. (£6.6m.) and net current assets were ahead from £28.51m. to £48.28m. with stocks up from £43.97m. to £60.85m. and bank balances and cash from £3.26m. to £9.18m.

There was a £3.15m. increase (£12.94m. decrease) in net liquid funds.

Meeting, St. Dunstan's House, S.E., on June 14, at noon.

Plaxton's on route for record

WITH IMPROVED profit in all divisions, Plaxton's (Scarborough) shows taxable earnings ahead from £357,000 to £863,000 for the six months to March 31, 1978. The directors say that the group's order books remain good and they forecast an advance for the year. Last time there was a record surplus of £1.64m. for 14 months.

However, they point out that the interim figures reflect a much more even spread of coach deliveries. There will, therefore, not be the traditional dramatic growth in the second half.

They state that reduced volumes caused by labour disputes last autumn have been largely offset by favourable levels of inflation, compared with budgets, which which helped to improve margins.

The net interim dividend is effectively raised to 1.75p (1.5p) per 25p share. The final for 1976-1977 was equal to 2.4p.

Tax for the half year took £449,000 (£186,000) leaving the net balance better at £414,000 (£171,000).

The coach depair service division denefited mainly from substantially increased sales of component parts and also from activities in the special-product field.

The building division has again made progress and two large contracts recently obtained will ensure continued full employment.

The order book of Overton division has continued to expand and it is hopeful of increasing its overseas business.

Crystalate expands at six months

Including this time, the results of the Greenwich acquisition, taxable profit of Crystalate (Holdings) expanded from £192,000 to £257,000 for the half-year to March 31, 1978, on turnover of £3.47m against £2.02m.

After tax of £122,000 (£89,000) stated earnings are ahead from 1.12p to 1.44p per 5p share. Again no interim dividend is to be paid—last year, a single 0.66p net was paid from pre-tax profit of £325,000.

The company manufactures electronic components, plastic mouldings and liquid handling equipment.

Investment Trust Corp. improves

With gross income better at £4,049,039, against £3,678,861, pre-tax profit of Investment Trust Corporation rose from £3,318,064 to £3,710,623 for the year to May 1, 1978.

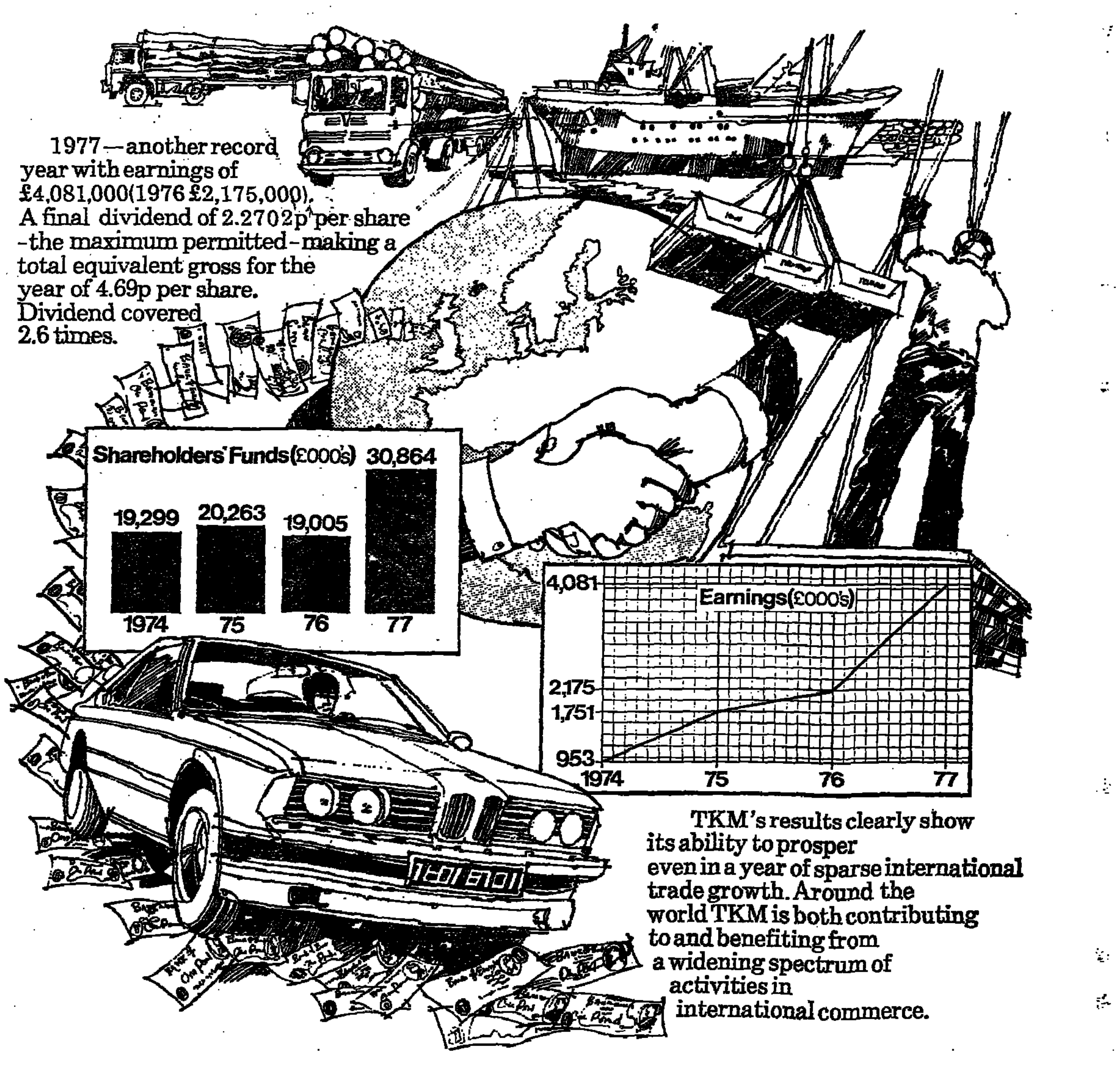
After tax of £1,442,687 (£1,316,295) stated earnings increased from 6.22p to 7p per 25p share. The dividend total is stepped up to 6.7p (5.915p) net, with a final of 4.7p.

Net asset value is shown at 274p (261p) per share.

CLYDE PETROLEUM

Mr. W. Gibson, chairman of Clyde Petroleum, told shareholders at the AGM that the group was currently involved in negotiations which "if successful will result in a joint well being drilled later this year."

He said that exploration in the North Sea remained a prime objective.



BIDS AND DEALS

Dana poised to bid for rest of Turner Mfg.

BY ANDREW TAYLOR

Dana Corporation, the U.S. automotive components manufacturer last night appeared to be poised to make a major bid for **Turner Manufacturing**—the UK commercial gearbox company in which Dana already has a 35 per cent. stake.

Turner's shares were suspended at 124p yesterday, valuing the company at £12.4m. and fuelling City speculation that Dana will attempt substantially to increase its stake or make an outright bid. Turner is expected to make a statement today but last night declined to comment on whether there has been an approach from Dana.

Meanwhile Dana, whose newly appointed European president, Mr. Arthur A. Martin, was in London yesterday, has announced a £1.8m. agreed bid to buy Posidata, the Basingstoke manufacturer of control systems for machine tools, in which Autonumerics of the U.S. has a 45 per cent stake.

Dana, which gained a UK quote for its shares at the beginning of this year, already has a 69 per cent stake in Brown Brothers the UK automotive components distributors and has been expected to try to increase its holding in Turner. Last night Dana shares closed at £22¼, down £¾.

The U.S. group is one of the leading automotive components distributors in North America and last year Dana reported net income after tax of $108m (£60m). It has frequently stated its intention to expand operations in Europe.

Turner which showed net assets of just over £12m in its last balance-sheet earned record pre-tax profits of £3.4m (up 50 per cent) in the year to October, 1977, but chairman Mr. S. V. Lancaster has warned shareholders that profits in the current year are unlikely to be as good. Around 80 per cent of group sales are to the truck and tractor markets.

WHEATSHEAF

Linfood's £30m bid for **Wheatsheaf** was yesterday declared unconditional following an announcement that the offer was not to be referred to the Monopolies Commission. Linfood said that it had received acceptances representing 72.47 per cent. of Wheatsheaf's capital.

LETRASET/RANDALL

Letraset intends to acquire compulsorily the outstanding ordinary dividend shares of Randall.

Acceptances received by **Letraset International** in respect of its offer for **J. L. Randall** amount to 10.23m. ordinary shares and 51.14m. new ordinary shares, representing 95.49 per cent. of the enlarged issued capital of Randall.

The offer is now unconditional and remains open. The above figures include cash acceptances in respect of 6.59m. ordinary shares. The cash offer is now closed.

AUSTRALIAN GROUP BIDS FOR ST. KITTS SUGAR

Industrial Equity, an Australian investment holding company has emerged as the bidder for **St. Kitts (London) Sugar Factory** which had been on the point of going into voluntary liquidation.

Industrial is bidding 200p cash a share for St. Kitts (London) which values the group at £780,000. Industrial already holds a 9.4 per cent stake and directors and shareholders of St. Kitts London representing a 48 per cent holding have already said that they intend to accept the offer.

St. Kitts (London) had proposed to go into voluntary liquidation following the nationalisation of St. Kitts (Basso Terre) Sugar Factory in which it had a 50 per cent stake.

JOHN BROWN

John Brown's trailer and commercial vehicle body building subsidiary, Craven Tasker, has arranged to purchase Boalloy, which manufactures side-access vehicle bodies.

ICI may buy Alusuisse offshoot

Imperial Chemical Industries is negotiating with **Alusuisse**, the Swiss Aluminium Company, for the possible acquisition of its German subsidiary **Alusuisse Atlantik Gmbh.**

Alusuisse Atlantik manufactures chlorine and caustic soda in Wilhelmshaven in Northern Germany, the site chosen by ICI for a major manufacturing complex based on these products.

ICI is engaged in a big strategic move into West European markets through a parallel investment of some £290m at Wilhelmshaven and on Teesside in the U.K.

On Teesside it is expanding chlorine and related products with investment amounting to £140m. At Wilhelmshaven it is planning a new £150m chemical complex also based on chlorine and caustic soda and the related products vinyl chloride monomer and pvc, the commodity plastic.

ICI said yesterday that the long series of planning inquiries with the interested local authorities in Germany were now over. This should open the way for it to begin the first part of its investment later this year, unless it encounters any further planning obstacles.

The Alusuisse subsidiary would fit in closely with ICI's strategy. Its acquisition could obviate the need for some of the necessary investment in new plant and would give ICI an immediate entry into the market, at least for the basic chlor-alkali products.

Alusuisse Atlantik has a chlorine capacity at the site of some 110,000 tonnes a year. The company showed a loss last year with its turnover dropping 10 per cent. over 1976.

The parent company, the Swiss Aluminium Company of Zurich recently expressed its concern at the "unsatisfactory profits situation" of the subsidiary.

When the Wilhelmshaven unit was first built it had itself been intending to make a major investment on the site and expand into PVC production. This was later dropped in the light of market conditions. Alusuisse, which confirmed that negotiations were taking place with ICI, also dropped plans to build an aluminium works on the site.

McNEILL GROUP

Manchester Nominees, a company representing the private interests of Mr. Graham Ferguson Lacey and Mr. R. C. McBride, has increased its stake in the **McNeill Group**, structural engineers. On May 11, Manchester bought an 11.44 per cent. stake in the company and yesterday announced that it had increased this to 19.15 per cent. by buying a further 210,000 shares.

HOVERINGHAM MOVES INTO U.S.

The **Hoveringham Group**, whose interests range from sand and aggregate through to ready-mix concrete, has made its expected move into the U.S. with a £3.6m acquisition of **Superior Sand and Gravel, of Houston, Texas.**

Superior is said to have substantial reserves of aggregates on land which it either owns or leases and its net tangible assets at the end of last year were $1.2m. Pre-tax profit for 1977 was $407,000 but this figure was struck after non-recurring management bonuses of $320,000.

Only last week, Mr. Christopher Needler, Hoveringham's chairman, said in his annual statement that acquisitions in the U.S. were being considered as a way of reducing the group's dependence on the U.K. construction industry. The acquisition of Superior is claimed to be "the first step in this policy."

The purchase price of $6.46m is to be financed by eight-year Euro-dollar loans.

Tilling's £3.9m. U.S. purchase

Thomas Tilling yesterday announced its fourth U.S. acquisition within a year—a £3.9m purchase of a private Texan distribution group which supplies equipment to the oil exploration and petro-chemical industry in the Southern States and South America.

Tilling is paying $5m in cash plus a further $2m in instalments for the company, **Mayeaux Industries**, which made pre-tax profits of $1.1m on turnover of $90.3m for the 14 months to the end of February. Net tangible assets at that date were $6m and, in addition, a property revaluation had produced a $1m surplus.

Mayeaux supplies a variety of exploration, production and maintenance equipment for the oil fields from 28 depots in Texas, Louisiana, Oklahoma, Colorado, Kansas and New Mexico.

Yesterday, Mr. D. W. G. Sawyer of Tilling, pointed out that Tilling already has considerable experience in distribution, particularly Graham Building Services (builders merchants with a turnover of £200m), and Newey and Eyre (electrical wholesalers with a turnover of £123m). Mayeaux opens a new area for distribution in the U.S.—the energy industry—as did Intermedco, the medical supplies firm for which Tilling paid $15m in 1977.

SHARE STAKES

Estates and Property Investment—Phoenix Assurance has acquired a further 125,000 ordinary shares thereby increasing its interest in the company to 3,490,000 shares (23.8 per cent.).

Brown Boveri Kent—The NEB acquired a further 115,000 ordinary shares. It now holds total of 7,773,938 ordinary (17.9 per cent.).

Harrisons and Crosfield—Kuwait Investment Office sold 50,000 shares on May 16 and 50,000 on May 18 leaving an interest in 2m shares (7.8 per cent.).

Associated Tooling Industries— Mr. P. B. Green now holds 93,000 ordinary shares (5.3 per cent.).

United Biscuits (Holdings)— Chairman, Sir Hector Laing's trustee interest was reduced on May 10 by 977,150 shares.

Jokai Tea Holdings—Lawson Raw Materials and General Trust has sold its holding of 15,000 6 per cent. cumulative preference shares.

Land Securities Investment Trust—Central Holdings now hold 10,589,000 ordinary (5.48 per cent.).

Lookers—Mr. R. E. Tongue, director, has sold as a trustee 7,280 shares. Mr. Tongue is now interested non-beneficially in 82,091 shares which with his beneficial interest of 283,000 shares gives total interes tof 365,091 shares (less than 5 per cent.).

MFI Furniture Centres—Mr. P. A. Lait, director, bought 25,000 shares on Ma y18 and 5,000 on May 19.

Liden Holdings — Prudential Group sold 100,000 shares on May 18 and now holds 267,000 shares (5.23 per cent.).

George H. Scholes and Co.— Britannic Assurance Company is interested in 345,000 shares (8.05 per cent.).

Peter Black Holdings—Mr. T. Black, Mr. G. Black and Mr. H. Rothenberg in their capacity as executors of Mr. Peter Black deceased have become interested in 200,000 shares.

Sime Darby Holdings—Companies in which Mr. Wee Cho Yaw, director, is deemed to be interested have disposed of 300,000 shares leaving holding 1,570,000 shares.

T & N BUYS CONTROL OF HARLEQUIN

The boards of **Turner and Newall's** subsidiary **Storey Brothers** and of **Harlequin Wallcoverings**, Benfleet, Essex, have agreed in principle that T and N should acquire 80 per cent of the equity of Harlequin.

Harlequin is a UK distributor of wallcoverings and also markets internationally a collection of vinyl wallcoverings made exclusively for the company by Storey. Storey's overseas trading companies act as Harlequin distributors in their respective countries.

The acquisition, together with that of Storey's last year, will give T and N a well established position in the wallcoverings and interior decor market.

Harlequin was advised by Robert Fleming.

METALRAX ACQUIRES

Metalrax (Holdings), the Birmingham-based engineering group, has bought **Joseph Fray**, a company which manufactures trim for the motor and domestic appliance industries, for £375,000 in cash and 962,500 Metalrax shares.

Pre-tax profit of Joseph Fray for the year to July 31, 1977, was £198,695 on turnover of £2.3m. Mr. John Wardle, chairman of Metalrax, said Fray will provide complementary products and an additional dimension in manufacturing.

Last August, Metalrax paid £600,000 for another presswork specialist, Bacol Industries, and in early April said that it was in advanced negotiations about a further acquisition.

HOWDEN GROUP

Howden Group announces that an offer is to be made, through its wholly-owned subsidiary James Howden and Godfrey Overseas whereby **Howden Group South Africa** will become a wholly-owned subsidiary.

Under the terms of the offer the minority holders will receive cash, the total consideration payable by overseas being R1,121,760 (£701,100 at current exchange rate).

TOZER KEMSLEY

Tozer Kemsley and Millbourn has agreed to sell most of its consumer loan book in Canada to **Associates Financial Services** and **Associates Realty Credit for £2.3m.**

The pre-tax profit foregone by the TKM companies by the transaction is estimated at some £71,000 a year.

ASSOCIATES DEAL

Simon and Coates, an associate of Jove Investment Trust, on May 22 bought 50,000 Kingside Investment Company at 56p on behal fof an associate of Jove.

MINING NEWS

Genmin opens up new collieries

BY RICHARD ROLFE

JOHANNESBURG, May 23.

TWO MAJOR collieries in South Africa managed by the General Mining group have started production ahead of schedule this month.

They are Ermelo Mines, an export venture between General Mining, Total and BP Coal, and Matla, whose coal will go to a new thermal power station for the State-run electricity commission, Escom.

The colliery in production at Matla will be the first of three due to be commissioned on this coal field by 1984, when total coal output from the complex will be 9m-10m tons.

Development tonnage is now being stockpiled in preparation for supplying the first of the six 600 MW generating sets in the middle of next year.

The mine plan calls for highly mechanised longwall mining, a technique which will ensure a much higher than average extraction rate.

The Ermelo venture, which has been brought into production in only 22 months, stockpiled its first washed saleable coal this month. Dispatches of coal to the Richards Bay Terminal will begin in October and deliveries to export markets in January 1979.

Ermelo Mines, in which each of the partners holds a third interest, will build up to 3m. tons and is expected to generate about R50m (£31.8m) per year in foreign exchange.

By March 1979, the end of phase two at Richards Bay will have been reached and export coal deliveries will be running at about 20m tons annually. Planning of phase three, which could lift exports to 35m-40m tons in the mid-1980s, is in progress, but a go-ahead depends primarily on demand in the international coal markets, particularly from power stations.

STEADY OUTPUT FROM TANJONG

The overall production of Tanjong Tin Dredging, the London company with Malaysian interests, is likely to be similar this year to that of 1977, Mr. J. T. Chappel, the chairman, stated in the annual report published yesterday.

The company is 29.8 per cent. owned by Pahang Consolidated, which bought the stake last February from Faber Union Senderian.

Output in the first four months of the current financial year amounted to 1,220 piculs, down on the production of 1,370 piculs in the same period of 1977. Last year Tanjong had net profits of £96,201 and declared dividends of 6.5p net.

WORKERS LEAVE PRES. STEYN

About 640 black employees of the President Steyn gold mine in the Orange Free State have decided to return to their homes following unrest at one of the mine's hostels last Sunday evening.

The mine is part of the Anglo American group and last year had an average number of 14,408 black employees.

A company statement said that yesterday morning workers reported as normal at all three of the mine's operating shafts. It added that the available labour force is being redeployed to minimise the effect on production.

RAMBLER PROFIT RECOVERS

The mining of higher grade ore and the resumption of more extensive working allowed Consolidated Rambler Mines, the small but good grade Newfoundland copper producer to return to profit in the first quarter, reports John Soganich from Toronto.

In the three months to March net profits were C$328,000 (£162,700) against a loss of C$198,000 in the same period of 1977. Over the whole of last year net profits were just C$52,000.

The difference in the nature of the operations between the two quarters is emphasised by the sales and tonnage figures. In the most recent three months, revenue from concentrate was C$3.1m and the mine provided for the mill 77,450 tons of ore grading 3.29 per cent copper.

In the 1977 first quarter, however, the revenue was C$1.2m and mine production was 35,608 tons averaging 4.29 per cent copper.

But not all is well at the company. It warns that the "tonnage and grade of ore is diminishing with depth."

Meanwhile, Craigmont Mines, the British Columbia producer which is 44.58 per cent owned by Canex Placer, announced net profits for the half year to April of C$1.2m (£595,240) compared with C$812,000 in the same period of the last financial year.

The earnings gain was caused—like Rambler's—by the milling of a higher grade of ore and the fact that in the first half last year an unusually low quantity of copper concentrates was sold.

ELECTRONIC MACHINE

Electronic Machine Company has been informed that as a result of purchases of 25,000 shares on May 12 and 10,000 shares on May 18 by Roldvasion (a company beneficially owned by Mr. and Mrs. J. P. Lobbenberg), Mr. Lobbenberg has increased his beneficial interest in EMC to 285,000 shares being 11.83 per cent of the capital.

OIL AND GAS NEWS

Eastcan drills off Labrador

THE EASTCAN EXPLORATION consortium, led by Total-Aquitaine, the French group, will resume drilling off the Labrador coast this summer, if a rig can be found.

This is a result of an agreement between Eastcan and the Newfoundland Government, though the dispute over jurisdiction on offshore areas between Ottawa and the province has not yet been settled.

Eastcan has already drilled ten exploration wells from drillships off Labrador, where it has 28m. acres under permit, and three wells have discovered gas.

Shell Canada and Texaco Canada have also agreed to the Newfoundland Government terms and plans to start drilling off Labrador, but will not start until 1979 because of unspecified technical problems.

* * *

Four exploratory wells drilled in Lake Maracaibo in Venezuela have a preliminary combined output of 11,500 barrels a day of light crude.

The new wells have contributed an estimated 35m additional barrels of oil to Venezuela's proven reserves according to retired army general Rafael Alfonzo Rayard, head of Petroleos de Venezuela, the state oil company that has run the country's giant oil industry since its nationalisation on January 1, 1976.

The wells are part of the company's efforts to reactivate exploration and replace rapidly declining light and medium-crude reserves.

There are 325m barrels of proven reserves in the deep sections of Lake Maracaibo. Venezuela's total proven reserves are in the range of 19bn barrels, enough to last until the end of the century at a production rate of 2.2m barrels a day, according to the Energy and Mines Ministry.

The four wells average 15,000 ft in depth, three times deeper than conventional wells. Besides the four deep wells successfully completed, another nine are in different stages of drilling or evaluation.

In 1979, 40 more deep wells will be drilled at a cost of $125m.

In addition to the Lake Maracaibo Area in Western Venezuela, deep wells will be drilled in Monagas State in the eastern part of the country.

Petroleos de Venezuela is planning to spend $187m this year for exploration, including physical surveys in deep waters in the Caribbean and at the mouth of the Orinoco River. The investment is double the amount spent in 1977.

BPC aims for profits at Sun Printers

Directors of British Printing Corporation aim to bring the Sun Printers subsidiary back to profit within two years, Mr. Peter Robinson, the chairman, said at yesterday's AGM. "If we achieve our objective in the time scale indicated it must have an important effect on the results of BPC's printing activities."

The company has concluded a productivity agreement at Sun Printers involving de-manning, continuous running and greater flexibility. This agreement should lead to increased competitiveness and give the sales organisation an opportunity to obtain business in much wider markets, he said.

He told shareholders he was convinced the closure of the Hazells Offset plant—where heavy losses were being incurred—was correct.

Trading activity at BPC remained good and so far the year had been satisfactory.

Owen Owen sees profit

For the first six months of the current year Owen Owen expects an increased loss in Canada. However, there is a reasonable chance of achieving an overall profit rise there over the full 12 months given a normal level of pre-Christmas trading, Mr. John Norman, the chairman, says in his annual statement.

Out of total group taxable profit for the year to January 28, 1977, marginally up at £2.26m (£2.2m) the sterling contribution from the Canadian stores slipped £185,000 to £493,000, on sales down £4.09m. at £26.46m.

All Canadian figures suffered a discount of 25 per cent on conversion into sterling compared with a year earlier, due to the lower Canadian dollar. The actual downturn was far less severe than indicated, Mr. Norman explains.

Dollar sales in fact showed an 8.3 per cent increase mostly attributable to the new Niagara Falls store which opened for trading in the last five months. Profits showed a dollar decrease of 9 per cent, after writing off the pre-opening expenses of the new store.

At year-end working capital was down £139,000 (up £2.65m) and bank overdrafts were higher at £2.85m (£2.27m).

Meeting, Liverpool on June 8 at 11.30 am.

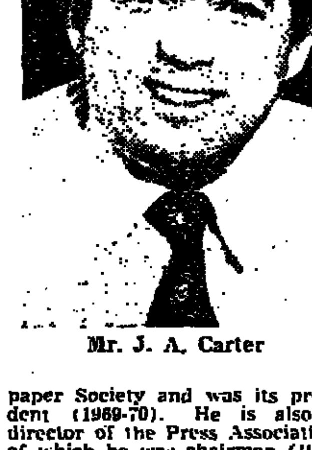
APPOINTMENTS

Senior management posts at Pressed Steel Fisher

The following directors have been appointed by PRESSED STEEL FISHER, a company within BL Components. Mr. Leslie Atkinson, salaried personnel; Mr. David Duthie, quality; Mr. Ian Forster, commercial and Mr. Charles Linder, body engineering. Mr. David Amos has been made manager, industrial engineering and Mr. Leslie Lambourne, operations director, press and tooling. Plant directors are Mr. John Jackson at Cowley, and Mr. Stanley Keyworth, Castle Bromwich.

*

Mr. Jeffrey A. Carter has been appointed managing director of WOODALL-DUCKHAM, succeeding Mr. W. J. Ryder, who remains chairman of that company and managing director of the process and energy contracting division of Babcock Contractors. The companies are members of the Babcock and Wilcox group.



Mr. J. A. Carter

*

The following appointments have been made at ESSEX TELEGRAPH PRESS on its acquisition by Gridle Investments: Mr. R. B. Levick becomes chairman and Mr. J. R. L. Griffiths and Mr. T. C. M. Dodwell, directors. Mr. F. A. Bridger remains chief executive and Mr. J. W. Adams, company secretary.

*

The Secretary for the Environment has appointed Sir Nicholas Morrison as chairman of the LOCAL GOVERNMENT BOUNDARY COMMISSION for ENGLAND from December 1 for three years. Sir Nicholas retired earlier this year as Permanent Under-Secretary of State, Scottish Office. He will succeed Sir Edmund Compton, who retires on November 30.

*

Mr. Martin G. Cruttenden, deputy marketing director of NCB Yorkshire Region, has been elected chairman of the COAL INDUSTRY SOCIETY for 1978-79. Other appointments made at the Society are: Mr. D. M. F. Walters, vice-chairman; Mr. J. M. Hann, honorary secretary; Mr. A. H. Ross, honorary treasurer; Mr. B. N. Sheppard, honorary assistant secretary.

*

Mr. Harry Wilkinson has been elected chairman of the CLOTHING MANUFACTURERS' FEDERATION, with Mr. Denis Phillips senior vice-chairman and Mr. Frank Larcombe junior vice-chairman. Mr. John Williams remains honorary treasurer.

*

Mr. R. H. Marsland has been appointed managing director of JOHNSON-HUNT, a subsidiary of Hunt and Moscrop (Middleton).

*

Mr. Stanley Clarke, group chairman and managing director of Courier Press (Holdings), has been elected president of the BRITISH PRINTING INDUSTRIES FEDERATION. Mr. Clarke is [illegible] paper Society and was its president (1969-70). He is also a director of the Press Association, of which he was chairman (1974-1975), and is a director of Reuters. Other officers elected by the BPIF are Mr. Peter Medcalf and Mr. John Wood, vice-presidents, and Lord Ebbisham, honorary treasurer.

*

Mr. Peter Cross, general manager of the IRON TRADES EMPLOYERS INSURANCE ASSOCIATION and IRON TRADES MUTUAL INSURANCE COMPANY, has been appointed a director.

*

Mr. E. F. Bigland has resigned from the Board of AVIATION AND GENERAL INSURANCE (on his retirement as managing director of the Guardian Royal Exchange Assurance). Mr. P. R. Dugdale has been appointed a director in his place.

*

Mr. Robert Douglass has been elected a director of BANKERS TRUST INTERNATIONAL.

*

Mr. George S. Crainer has been appointed an additional director of SCAPA GROUP. Mr. Michael Thompson has become treasurer in addition to his position as company secretary.

*

Mr. Geoffrey King has been appointed a director of ROBERT KINGSTON (MUSIC).

*

PERKINS ENGINES GROUP has made the following changes within its UK area operations. Mr. Adrian Parsons will be executive director from June 1 in place of Mr. Keith Williams, who is to take a post in the Hawker Siddeley Group. Mr. John Daveney has been appointed to a newly-created position of director of manufacturing. Mr. M. A. Hutchins will be director of quality control from the beginning of next

CONTRACTS AND TENDERS

COMPANY NOTICES

INTERNATIONAL FINANCIAL AND COMPANY NEWS

AMERICAN NEWS

Foreign borrowers rush to beat higher interest rates

BY DAVID LASCELLES NEW YORK, May 23.

AMID FEARS of further increases in interest rates, foreign borrowers are hurrying to the U.S. capital markets in what bankers and brokers describe as one of the biggest borrowing sprees in recent memory.

This week alone, issues of Yankee bonds (as bonds issued by foreign entities are called) are scheduled to total $650m. This compares with the average $450m a month issued in 1977. And when the UK recently issued $350m worth of bonds, it was described as the largest single issue seen in the Yankee bonds market.

The largest borrowers will be the Canadians. The Province of Ontario is offering $200m worth of bonds and the Nova Scotia Power Corporation $75m worth. The other borrowers are Australia ($250m) and Sweden ($125m).

Most of these issues were not originally scheduled for this week, but once it became clear that interest rates might be set for a further rise following their jump at the beginning of the month, offering dates were brought sharply forward.

The Ontario debentures, offered today, were issued at par and carried a yield of 9¾ per cent. The Swedish and Australian bonds are expected to be priced later today.

Further evidence of rising interest rate trends should also emerge today with an offering of $2.39bn of two-year Treasury notes. Market observers expect the notes to yield about 8.1 per cent, the highest rate for two-and-a-half years.

Two suitors for Corco

BY OUR OWN CORRESPONDENT NEW YORK, May 23.

COMMONWEALTH Oil Refining (Corco), whose financial troubles have prompted rumours of take-over bids, announced last night that it would explore proposals made by two separate suitors.

The first is from Charter Oil, the Florida-based oil company, which has proposed a merger entailing a settlement of Corco's $400m debts, partly through cash and partly through a new securities issue.

The second proposal comes from a private group of shareholders represented by Mr. Roger E. Tamraz, and would involve a substantial investment of capital in Corco.

After a meeting with Mr. Tamraz, Corco's board authorised the management to enter into discussions with him to prepare an agreement in principle for presentation to the board.

Both of the proposals would require the agreement of Corco shareholders and creditors, and would be subject to approval and confirmation by the bankruptcy court.

Corco said that while it will actively explore these proposals, no further commitments have been made. The company stressed that it will continue to entertain all proposals from any other interested parties.

In another development, it was announced that Mr. Gary W. Davis has relinquished his positions as president and chief executive of Corco and resigned from the board, subject to severance arrangements satisfactory to him and Corco.

Mr. Edward D. Doherty, vice-president, general counsel and secretary, has been elected president and chief executive on an interim basis. Mr. Doherty was also elected to the board.

EUROPEAN OPTIONS EXCHANGE

Option	Price	July Close	July Vol.	Oct. Close	Oct. Vol.	Jan. Close	Jan. Vol.	Equity close
ATT	$55	8	—	8 1/8	—	8 1/2	—	$62 7/8
ATT	$60	3 1/4	—	3 1/2	—	3 5/8	—	..
ATT	$65	1/2	—	7/8	—	1	—	..
Citicorp	$20	5 1/2	—	5 5/8	—	6	—	$25
Citicorp	$25	1 5/8	—	2 1/4	—	2 1/2	—	..
E. Kodak	$40	17 1/2	—	17 1/4	—	17 3/4	—	$56 5/8
E. Kodak	$45	11 1/2	1	12	1	12 3/4	—	..
E. Kodak	$50	7 3/4	10	8 1/2	21	9 3/8	6	..
E. Kodak	$60	2	2	3 3/8	15	4 3/4	62	..
Exxon	$40	8 1/8	—	8 1/4	—	8 1/2	—	$47 7/8
Exxon	$45	4 5/8	—	5	—	5 1/4	—	..
Exxon	$50	1 3/8	—	2 1/4	—	2 3/8	—	..
GM	$50	11 1/2	—	11 1/2	—	11 3/4	2	$60 3/4
GM	$60	3	—	4 1/4	—	4 3/4	—	..
GM	$70	1/4	—	1	—	1 1/8	20	..
IBM	$240	30	—	31 1/4	2	34 1/4	—	$266 3/4
IBM	$260	13 1/4	5	17	—	20	—	..
IBM	$280	3 5/8	19	7 3/4	10	10 7/8	—	..
Sears	$20	5 5/8	—	6	—	6 5/8	—	$25 1/4
Sears	$25	2	—	2 3/4	6	3 3/8	10	..
Sears	$30	1/2	—	1	2	1 5/8	—	..
Algemene	F330	28.00	—	29.00	—	29.00	—	F356
Algemene	F340	19.00	6	20.50	—	23.00	—	..
Algemene	F350	10.20	16	14.00	2	18.00	—	..
Amro	F70	8.00	—	9.30	—	9.80	—	F76.90
Amro	F75	3.00	10	4.50	—	5.50	50	..
Amro	F80	1.50	—	2.50	5	2.50	10	..
KLM	F160	37.50	3	38.00	16	41.00	18	F190
KLM	F170	30.00	8	33.00	20	33.00	13	..
KLM	F180	25.00	147	31.50	65	32.00	43	..
Nat Ned	F100	15.50	—	14.50	5	15.20	5	F112.50
Nat Ned	F110	5.60	1	7.20	—	8.50	12	..
Philips	F22.50	3.70	—	4.00	—	3.90	10	F25.70
Philips	F25.00	1.70	61	2.60	107	2.60	—	..
Philips	F27.50	0.60	—	1.30	126	2.00	257	..
R. D. Shell	F120	7.80	1	11.00	8	10.10	1	F127
R. D. Shell	F130	2.20	21	4.70	105	6.00	4	..
R. D. Shell	F140	0.30	11	1.50	—	2.50	—	..
Unilever	F110	5.80	18	7.50	77	8.00	10	F115.60
Unilever	F120	1.00	—	2.50	30	3.50	10	..
Unilever	F130	0.50	—	0.90	—	1.70	—	..

THE OUTLOOK FOR CORPORATE PROFITS

Coming to the crunch over policy on prices

BY JOHN WYLES IN NEW YORK

difficult situation as "being caught between the rock and the hard place" and it is not inconceivable that by the end of the year the phrase will be ringing around corridors of many a U.S. corporate headquarters. Which will be the rock and which the hard place matters little, but the Carter administration on one hand and the inflation rate on the other threaten to squeeze profit margins in such a way as to cloud the outlook for corporate earnings.

Not, it must be stressed, that the immediate prospect is so unclear. The economy is rattling along, fully recovered from weakness induced by the miners' strike and a harsh winter, and could turn in an annual rate of growth in the second quarter of 8-10 per cent. But many economists fear that this vigour is sowing seeds of economic decline, in the sense that a concomitant surge in the U.S. money supply is prompting Federal reserve moves to tighten credit, the sharp fall of unemployment this year is already leading to some labour bottlenecks, and rising wages, are putting pressure on profit margins through higher unit costs which must be recouped at least partially through higher prices.

But President Carter aims to "jawbone" U.S. business out of raising its prices at the same or a higher rate than in the last two years and it is difficult to see how he can do so without significantly affecting corporate profits, cash flow and capital investments next year. The Council on Wage and Price Stability won prizes for pointing out in a report earlier this week that inflationary pressures were being caused by "the continuing effort on the part of firms and workers to maintain their real incomes by trying to 'catch up' with inflation." However, neither President Carter, nor his jawboner extraordinary, Mr. Bob Strauss, are explaining very loudly that the corollary of this is that if firms and workers are to stop trying to catch up with inflation then, for a period of time, they will be less well off.

"American business has so far just managed to stay ahead of the inflation game, even in the lame first quarter of this year. However, many businessmen argue with the support of independent economists, that they are running short of wind. Citibank, in its survey of corporate profits, finds an annual increase between 1972 and 1977 averaging 13 per cent. But when the Commerce Department price deflator is applied to adjust for the effects of inflation on stockholder dividends and on replacement cost of capital goods, then the real increase in profits is reduced to 5.5 per cent. If earnings are further adjusted for inventory earnings and replacement cost depreciation and for changes in purchasing power, then Citibank says that corporations are not drawing as much real profit from operations as they did in 1972.

President Carter aims to persuade U.S. business not to raise prices at the same rate as in the last two years—a move which could damage corporate profits.

This is an important backdrop to the President's jawboning policy and to the undertaking given by the influential leaders of the Business Council to seek only "justifiable" increases. A price increase designed to prevent a deterioration in profits and to ensure the future health of the corporation will not prove difficult for many businesses to justify to Mr. Strauss, although it may cause all kinds of problems for the Administration's battle against an inflation rate of at least 7 per cent.

Certainly the seeds of future difficulties were evident in the first quarter, although much has been justifiably made of the impact of the miners' strike and the weather on economic activity. Real GNP declined 0.4 per cent, productivity declined by 3.3 per cent, hourly pay soared at a record annual rate of 13.2 per cent with the result that there was a 17 per cent annual rate of increase in unit labour costs. The Wage and Price Council took refuge in the miners' strike and the winter weather to argue that the first quarter period was so extraordinary and that "price and labour cost increases will moderate substantially during the remainder of the year."

Everyone must hope so, but rising costs were reflected by slimmer profit margins in the last quarter of last year and the reduction continued through this year's first quarter. Citibank's survey found that manufacturing companies' margins had fallen from 5 per cent a year ago to 4.87 with 11 of the 22 manufacturing industries covered reporting lower margins, eight higher, and three unchanged.

On the Commerce Department's figures after tax corporate profits fell from the fourth quarter's seasonally adjusted annual rate of $105bn to $102.9bn. This was some 5.8 per cent higher than a year ago but as Citibank points out the "surge in inflation in the first quarter brought with it a boom in inventory profits equal to about 7 per cent of adjusted pre-tax profits."

Despite this needed boost to book profits, Citibank found that the share of manufacturing corporations reporting higher after-tax profits than in the preceding quarter slipped to 52 per cent from 61 per cent in the fourth quarter. This was the lowest level for this index in over seven years.

Clearly there will be substantial improvement in the second quarter but how durable it will be remains to be seen.

Caught between the Scylla of rising costs of raw materials such as steel and of labour and the Charybdis of "jawboning" many companies will be unable to maintain profit levels and dividends unless they can raise their prices. It is far too early to know whether price rises acceptable to the Carter Administration will be sufficient to maintain profits, cash flow and capital investment through into 1979. With the economic recovery now into its 39th month, there must be some reason for doubt. Thus the voluntary approach to restraining pay and prices faces a stern test and both business and the Carter Administration will be confronted with extremely difficult choices later in the year.

Tighter margins trim Deere second quarter

BY OUR OWN CORRESPONDENT NEW YORK, May 23.

THE BOARD'S warning of tighter profit margins at Deere and Co., one of the world's largest manufacturers of farming equipment, has been borne out by the news yesterday that net earnings in the second quarter fell by 3.3 per cent to $88.67m, although sales at $1.11bn showed a 10 per cent increase. Share earnings for the quarter slipped from $1.53 to $1.46.

But sales for the first half of the year are 19 per cent higher at $1.9bn, virtually in line with the previous forecast. First half earnings recorded a modest gain from $132.2bn to $136.9bn, with share earnings of $2.26 against $2.20.

In the first quarter, Deere pushed earnings ahead from 67 cents to 80 cents and the chairman, Mr. William A. Hewitt, told shareholders that the group, which was then halfway through its spring selling season for farm machinery, was encouraged by the level of retail sales, particularly in the U.S.

But Mr. Hewitt admitted at the end of last year that the outlook for world sales of farming equipment was "more uncertain than in any year since the early 1970s." Overseas sales far last year were 9 per cent higher but net earnings were lower, with foreign exchange losses and higher overseas expenses quoted among the adverse factors.

Strong third quarter at Addressograph

CLEVELAND, May 23.

WITH CONTINUING improvement in its overseas interests, graphic and data business equipment maker Addressograph-Multigraph reports third quarter net profit 314 per cent. higher at $6m, to give a net per share of 74 cents against 18 cents in the same period a year ago. Accounting changes did, however, call for a restatement of the year ago figures.

Sales during the third period also rose, by 7 per cent to $168m. For the nine months this brings the company to a net profit of $13m or $1.50 a share against a net loss last time of $4.75m. Nine month sales are 10 per cent higher at $481m.

Tax credits for both the third quarter and the nine months bring the final figures to $6.8m net (or 81 cents a share) and $13.1m (or $1.57 a share) respectively.

Agencies

Bank of Montreal gain

BY ROBERT GIBBENS MONTREAL, May 23.

THE Bank of Montreal earned C$42.7m (U.S.$38.4m) in the second quarter, a gain of 6.5 per cent on the first quarter, and for the first half earnings were C$82.9m, or C$1.95 a share, against C$1.46 a share a year earlier. As a result of a rights issue, there were more shares outstanding in the latest period.

Strong asset growth and firm control of operating expenses were the major factors.

Assets were C$28.4bn at April 13, and up 26 per cent year to year. First-half operating expenses were up 14 per cent.

In the second quarter substantial growth came in Canadian currency loans and mortgages, holdings of Canadian corporate issuers and foreign currency loans, the bank said. About 18 per cent of the gain in foreign currency loans was attributable to appreciation, of foreign currencies, especially the U.S. dollar.

The Bank of Montreal has finalised a U.S.$50m loan to the State of Rio airport authority in Brazil for construction of an airport runway.

Consumers Gas first half advance

BY OUR OWN CORRESPONDENT MONTREAL, May 23.

CONSUMERS GAS, the largest gas distributor in Ontario, earned C$37.6m (U.S.$33.8m) or C$1.75 a share in the first half against C$32.8m or C$1.52 a year earlier, restated to reflect tax reassessment.

Total revenues were C$475m against C$409m. The higher earnings stemmed from an increase in the equity interest in Home Oil to nearly 35 per cent, rate increases and the effect of the Federal inventory tax credit. The volume of gas sold was 204bn cubic feet

Campbell Soup gain

Campbell Soup announced net earnings for the third quarter of 92 cents a share against 84 cents. Total net improved to $30.08m from $27.3m. Sales of $490.0m compare with $444.9m reports Reuter.

Commonwealth Ed.

Net profits for utility concern Commonwealth Edison rose slightly during the past 12 months to $261m from the previous year's $253m. On a per share basis however, the improvement fails to show through due to ra rise of 14 per cent in the number of shares in issue which gives a net per share of $2.85 against $3.26. Revenue during the year rose by 10 per cent to $2.2bn. Agencies report from New York.

Dry Goods loss

Group department store Associated Dry Goods turned in a loss of $1.4m for the first quarter against a net profit of $2.4m or 17 cents a share for the same period last year. However a tax credit reduces the net loss to $714,000. agencies report from New York.

Wickes upsurge

California-based retailer Wickes Corporation reports a 33 per cent rise in first-quarter net profit to $4.4m, with 41 cents a share going against the 31 cents for the same period of last year. Sales in the quarter rose by 29 per cent to $403m. Agencies report.

Detroit Edison

Utility concern Detroit Edison reports net profit lower by 9 per cent for the 12 months to April at $127m, to give $1.60 per share against the $1.99 for the previous year, Agencies report. During the period, revenues rose by 7 per cent to $1.5bn.

Carte Blanche suit

American Express has filed suit in Federal Court against the Justice Department and U.S. Attorney General in connection with a justice proceeding that could permit Citicorp to re-acquire Carte Blanche the travel and entertainment credit card subsidiary of AVCO Corporation, AP-DJ reports from New York.

Citicorp's banking unit, then known as First National City Bank, sold a controlling interest in Carte Blanche to Aveo in 1968 after the Justice Department moved in an anti-trust suit to stop the bank from acquiring additional Carte Blanche stock.

EUROBONDS

Fresh fall in dollar sector

By Francis Ghilès

THE DOLLAR sector of the market was again weaker yesterday with some evidence of professionals cutting their books. There was a steady stream of selling throughout the day but many dealers feel prices will have to fall further yet to bring yields in the eurobond market in line with those in the Yankee band market. The coupon and price of the $125m Yankee bond due to be priced later last night is thus awaited with interest.

The floating rate note sector on the other hand continued firm. A $30m. FRN for the Arab International Bank, a joint Libyan-Gulf-Egyptian bank based in Cairo is expected later this week.

Meanwhile the Canadian dollar sector continues firm.

The Deutsche Mark sector was very quiet in low turnover yesterday with prices unchanged. The Industrial Bank of Japan was being quoted in first day after trading at 97½-98.

The five year guilder bullet bond for Brazil which has just been arranged by Algemene Bank Nederland is for Fls 75m and not Fls 175m as wrongly stated yesterday. The bond which carries a coupon of 7¼ per cent has been priced at 99½ to yield 7.62 per cent.

Optimism at Firestone

AKRON, May 23.

Firestone Tire and Rubber said its second half results should benefit from more efficient production, continued strength in non-tyre operations and recent domestic tyre price increases.

Firestone earlier reported second quarter operating earnings of $28.6m down from $39.3m a year earlier, and first half operating earnings of $36.0m down from $62.6m.

The current year results, however, excluded a $73m charge from the reduction, of excess capacity at uneconomic plants.

Firestone said that in the 1978 first half all operating groups achieved sales gains over last year.

Although European operations were unprofitable because of continuing industry overcapacity and its effect on pricing, results in the South America, Africa and Asia-Pacific areas were all ahead of 1977.

First half earnings for non-tyre operations were higher than last year.

Results continued to be hampered by lower factory operating rates last year, and by the inability fully to recover cost increases.

"Continued strength of our non-tyre operations, anticipated improvement in our international business, recent domestic tyre replacement market price increases and overall manufacturing efficiencies made possible by the capacity realignment plan should contribute favourably to second half results," the company said.

Agencies

NYSE member firms in deficit

BY OUR OWN CORRESPONDENT NEW YORK, May 23.

THE difficulties faced by the U.S. securities industry before the current stock market rally brought some relief are highlighted today by New York Stock Exchange figures showing that member firms have suffered their first quarterly loss since 1975.

According to the NYSE, members dealing with the public recorded an aggregate net loss in the first quarter of this year of $12.8m. This was the first aggregate after tax deficit since the first quarter of 1975 and represented a −1.3 per cent annual return on average net worth of $3.9bn.

The first quarter loss compared with an after-tax profit of $34.7m in the same period a year ago and underscored the deterioration in the industry's fortunes which has led to closures and mergers. Most damaging in the three-month period was the stock market slide on trading volume which was 1.5 per cent lower on a daily average than the year before. This meant that commission revenues were harder to come by and that inventories of stocks carried for principal trading declined in value. At the same time, prices in the fixed income markets also deteriorated, again reducing the value of inventories.

By the same token, however, the stock market rally which began in the middle of April should yield something of a profits windfall because inventories will have increased in value and commission revenue will reflect a leap in average daily trading volume on the NYSE from around 21m shares to around 35m.

The NYSE said commission accounted for 38.6 per cent of total member firm revenues in the first quarter. This is significantly less than the 55 per cent in 1973

Sales surge at BMW as German car boom fades

BY GUY HAWTIN

FRANKFURT, May 23.

Although Bayerische Motoren Werke (BMW) believes the motor industry's boom peaked last year, orders for new BMW cars are running a full 50 per cent. above the levels of a year ago.

BMW's cautious executive Board is careful to point out that statistics show the motor industry's boom reached its high point last autumn, with registrations in the Federal Republic now returning to the levels of the long-term forecasts. Even so, there seems little likelihood that customers can expect a shorter wait for the delivery of their orders in the near future.

Currently BMW is quoting delivery periods from six months to a year, depending on the model. Indeed, delivery periods have continued to lengthen despite the substantial increase in group capacity last year.

For 1978, BMW is forecasting a turnover growth of 10 per cent. This wil take group sales for the first time over the DM 6bn ($2.82bn) mark.

According to BMW, the figures for the first four months of the year show an even faster growth rate, both for the parent and the group. Sales were up by a good 15 per cent. compared with 1977 to DM 1.9bn for the parent and DM 2.1bn for the group.

Output from January to April rose by 3 per cent to 104,500 units, while sales rose 5 per cent to 105,000 units. Exports accounted for 55,000 units.

Chief executive Herr Eberhard von Kuenheim was unwilling to make earnings forecasts so early in the year. He said, however: "We hope that we will be able to say in a year's time that 1978 was a good year for product development, for the improvement of production technology and for the development of world markets."

He said that 1977 would go down as being "a good, normal year." On this basis they could view "the coming storms" in a more relaxed manner. The group was not likely to be so affected as in the past by crisis in other sectors of the market and, as a result, BMW was satisfied with 1977.

Last year, the group sales increased from DM 4.76bn to DM 5.53bn, while the parent's turnover increased from DM 4.29bn to DM 4.99bn. At the same time, net profits remained virtually stable at DM 125.3m, compared with DM 126m, despite West Germany's corporation tax reform which substantially increased tax liability.

Hochtief beats building downturn

BY OUR OWN CORRESPONDENT

FRANKFURT, May 23.

HOCHTIEF, one of West Germany's largest construction concerns, today reported profits up 190 per cent, despite the country's continued building recession. As in previous years, the shortfall in the domestic market has been more than compensated for by foreign sales.

Until the start of the current decade, West Germany's construction industry was almost entirely domestically orientated. There were profits to be gained in abundance, first from the reconstruction of the Federal Republic's war-torn economy and then from the expansion stemming from the "economic miracle."

The industry's reaction to the recession, which started early in the 1970s, was to export and their progress in traditional British and American markets was rapid. Signs are, however, that overseas business growth is slowing down to more reasonable proportions.

Last year, the group's construction work was worth DM 3.61bn compared with DM 2.85bn the previous year. The overseas content of this increased from DM 1.18bn to DM 1.77bn.

The order book in 1977 increased from DM 4.42bn to DM 4.55bn, while bookings from abroad rose from DM 2.81bn to DM 3.1bn. Turnover, excluding value added tax, rose from DM 1.18bn to DM 1.58bn.

Capital investment last year showed a hefty increase, although part of this was probably as a result of new plant purchased for overseas projects.

Net profits rose from DM 12.5m to DM 36.3m ($17m), despite corporation tax reform which substantially increased the concern's tax liability. At the same time, the company transferred DM 18.2m to reserves, compared with DM 6m the previous year.

This year has seen a substantial improvement in the inflow of domestic orders, which rose during the first four months by 16.1 per cent to DM 563m. In contrast, overseas bookings fell by 15.5 per cent to DM 868m.

Hochtief's order book during the period declined slightly in comparison with 1977 to DM 4.85bn in the opening four months. The home order book was up 4.4 per cent at just under DM 1.51bn, while foreign orders fell back 2.9 per cent to DM 3.34bn.

Nouvelles Galeries back in the black

By David White

PARIS, May 23.

FURTHER confirmation of recovery in the French retail industry comes from Nouvelles Galeries Reunies, one of the country's most widely-implanted store groups, which has moved out of the red for 1977.

The group, which includes the Uniprix supermarket chain, reported a Frs17.2m ($1.8m) net profit compare to losses of Frs19.1m in 1976, and chairman Jean-Laurens Delpech expects a further improvement in the first six months of 1978.

Sales so far this year had got off to a "good start" and the present month's sales were about 20 per cent up on May 1977. This was after a limited growth in 1977, when the company pulled its way into profit mainly through "stricter management and vigorous cost controls."

The parent company, which is resuming dividend payments at the same rate—Frs 2.50 net—as it paid for 1975, showed a net profit of Frs 5.6m as against a Frs 14.4m net loss in 1976.

But Nouvelles Galeries is still going ahead cautiously. M. Delpech said it would concentrate on building up existing outlets and not embark on any new stores this year. Investments of Frs 83m are planned, well below last year's Frs 134m, almost half of which went on new premises in Marseilles. Improvements on stores already in existence promised quicker returns than fresh ventures, M. Delpech said.

Another big retail group, Casino, is however setting its sights on a bolder expansion programme. At its annual meeting the company said it planned five new supermarkets this year and had four others already scheduled for 1979.

The group did not add to its ten hypermarkets last year and only planned one this year, but four others had already received planning permission for construction next year.

VOLVO'S DEAL WITH NORWAY

Lack of detail leaves market divided

BY WILLIAM DULLFORCE

STOCKHOLM, May 23.

THE STOCKHOLM Stock Exchange reacted uncertainly today to the planned sale of 40 per cent of Volvo to Norway. The share price plunged initially by more than 10 per cent to SKr 75 but finished the day at SKr 83.50, only SKr 1 off Friday's closing price (dealings were suspended Monday). Trading in Volvo was six-seven times greater than usual with one institutional investor apparently selling heavily.

A leading stockbroker described market opinion as substantially divided owing to the lack of detailed information about Volvo's agreement with the Norwegian Government. In some quarters it is feared that the price to be paid by the Norwegians for their 40 per cent of the new joint holding company would come out far below asset value and possibly below the current market price.

On the Oslo Stock Exchange it was assumed today that half the SKr 750m Norwegian capital input would be offered as shares to private investors. This is more than the market could absorb, stockbrokers stated, pointing out that new shares issued on the Oslo market last year totalled only NKr 330m compared to NKr 380m in 1976.

Volvo, however, understands that the Norwegian Government plans to test the market by an initial offer of shares in the new Norwegian holding company, Norsk Volvo A/S, equivalent in value to some SKr 75m. The Government would take up an equal amount itself, putting in the remaining SKr 600m in the form of a loan free of interest for the first five years.

Exclusion from the joint holding company of Volvo Flygmotor, the subsidiary producing aircraft engines, complicates the evaluation of the price being paid by the Norwegians. The nominal value of this subsidiary's share capital is SKr 60m, included in the total Volvo share capital of SKr 882m. But Volvo Flygmotor turned in the best performance in the group last year, reporting pre-tax earnings of SKr 90m on a SKr 490m turnover.

Other investor doubts centre on Volvo's move into the oil business. Its new company, Volvo Petroleum, has to submit a bid for a North Sea exploration licence to the Norwegian oil ministry by June 1. The agreement with the Norwegian Government assures Volvo Petroleum of "the right to participate" in a concession. But Volvo has no oil experience. The assumption is that Volvo will quickly have to find a partner with knowledge of offshore exploration and development.

Uncertainty also surrounds the new car model which Volvo is to develop and produce in Norway. This commitment, it is understood, refers not to the models already in the pipeline but to a completely new car, incorporating aluminium and plastic components made in Norway, which would be launched in the second half of the 1980s.

At Volvo emphasis is laid on the financial reinforcement brought by the deal with the Norwegian Government. To complaints that Volvo was being "nationalised" by the Norwegian state, Volvo executives explain that the Norwegian holding company will nominate only four of the 13 directors on the Board of the joint holding company against six to be appointed by the Swedish holding company.

The remaining three will be worker directors, of whom two will be nominated by the Swedish unions and one by the Norwegian employees.

Charles Batchelor writes from Amsterdam: Volvo Car, the loss-making Dutch arm of the Swedish automobile manufacturer, does not expect the reorganisation of the parent company to lead to any change in its status or activities. The agreement signed between Volvo and the Dutch state in January which provided for Fl 200m in aid, guarantees the Dutch company the exclusive right to manufacture and develop cars in the 343 model range.

Volvo car therefore does not expect the new Swedish-Norwegian Volvo to develop any models in competition with the Dutch company, a spokesman said. Problems surrounding the introduction of the 343, which is the first car produced by the former DAF car company to which Volvo has made a significant contribution, have been largely to blame for Volvo's recent troubles. Under the rescue plan the Dutch state raised its share in Volvo Car to 45 from 25 per cent and Volvo cut its stake to 55 from 75 per cent.

Billerud recovery hopes

BY OUR NORDIC CORRESPONDENT

STOCKHOLM, May 23.

BILLERUD, the Swedish forest products concern, hopes this year to reverse last year's plunge into the red and to reach a result which would cover planned depreciation and financial costs. This cautious forecast contained in the 1977 shareholders' report assumes that returns from foreign operations will offset continuing losses by the Swedish pulp and paper mills. It also assumes some improvement in the markets during the second half of the year.

However, the forecast could already be ou tof date. Billerud is currently negotiating the takeover of Uddeholm's pulp, paper and timber operations and has postponed its annual meeting until next month, to allow time for the talks to be completed. Uddeholm made an operating loss after planned depreciation of Kr 219m on its forest industry operations last year. This compares with the loss of Kr 105m made by Billerud on its Swedish forest products.

The brightest prospects for Billerud this year are CELBI, the Portuguese factory which makes eucalyptus pulp, and the packaging and paper sack factories in France, Austria, West Germany and Britain. CELBI gave Billerud an operating income of Kr 44m last year, while the packaging and stack plants turned in Kr 23m and are expected to do still better in 1978.

VW denies second U.S. plant plan

By Our Financial Staff

VOLKSWAGEN yesterday denied American reports that the company was planning to build a second car manufacturing plant in the U.S.

A spokesman for VW said in Wolfsburg that such a decision might be logical once the newly opened U.S. plant in New Stanton, Pennsylvania required additional capacity. But at present neither supervisory board or executive board had taken any decision on the subject.

It was confirmed, however, that VW was "considering" some diversification in the U.S. away from the motor industry. The company's presently buoyant earnings and cash flow position was a "good foundation" for some form of diversificatin. Nothing concrete had yet been decided.

At the end of last week, VW reported a sharp rise in earnings and sales for the first quarter of 1978. On sales higher by 14 per cent, net profits were a full 24 per cent ahead at DM 164m, or $82m.

The company's car plant in the U.S. which moved into production last month, represents an investment of around $300m.

Beijerinvest sees earnings improvement

BY OUR NORDIC CORRESPONDENT

STOCKHOLM, May 23.

BEIJERINVEST expects improved earnings in 1978 after two difficult years for the Swedish trading and industrial group. A more detailed forecast will be made at the annual meeting on May 29.

Last year pre-tax profit declined from Kr 72m to Kr 55m ($11.9m) and from Kr 89m to Kr 15m after extraordinary items. By transferring Kr 52m from the inventory reserve the group showed a net after tax of Kr 51m. For the first time in 13 years, however, there is to be no increase in the dividend which will stay at Kr 5 a share. Instead shareholders are being offered the right to buy shares in a new property company, Pilen, which will soon be seeking a quotation on the Stockholm Stock Exchange.

Last year Beijerinvest suffered losses described as "abnormal and not repeatable" on an iron foundry venture and one of its trading subsidiaries. It has now disposed of the foundry. Scandinavian Trading, which specialises in the oil business and accounts for half group turnover turned into the red. A Kr 36m drop in earnings on the group's industrial operations was partly offset by a Kr 14m climb in returns from the foodstuffs companies. The investment portfolio contributed Kr 28m, an increase of almost Kr 5m.

French electronics deal

BY DAVID CURRY

PARIS, May 23.

TWO OF FRANCE'S largest electrical engineering and electronics groups have decided to conduct all their overseas sales operations through a single subsidiary.

Compagnie Generale d'Electricite (CGE) and its leading affiliate Alsthom-Atlantique, in which it holds around 31 per cent of the capital, are setting up CGE Alsthom Atlantique. They will each hold 25 per cent of the FFr 23m capital of the overseas sales operation, while five of their most important subsidiaries, including CGE Alsthom, CIT-Alcatel and SGE (in electrical engineering, telecommunications and public works respectively) will each hold 10 per cent.

The two groups between them had an export and overseas turnover of more than FFr 9bn ($1.92bn) last year, representing about 10 per cent of the whole of French exports of capital goods.

The individual sales operations of group companies overseas will be brought under the aegis of the new company, which will also be available to market the products of companies outside the group who are not competitive with it.

M. Pierre Loygue, the Alsthom-Atlantique chairman, said that the idea had been inspired to some extent by the success of Japanese trading companies though there was no question of the new companies buying products on its own account.

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MORE THAN doubled profits are announced by Pechiney Ugine Kuhlmann, the major French metals and chemicals group, our financial staff write.

Net profits for 1977 emerge at FFr 377m compared to FFr 153m in 1976, lifting group cash flow to FFr 1.5bn against FFr 1.04bn. In March an increase of more than a quarter in parent company net profits to FFr 142m was reported.

Group assets per share rose to FFr 269 last year compared to FFr 259.

DSM expects problems for two years

By Michael van Os

AMSTERDAM, May 23.

DSM, the Dutch state-owned chemical group, expects another two "difficult" years of trading and is not ruling out the possibility of a "small loss" in 1979, according to the 1977 annual report.

Last year the company saw sales top Fl 10 bn for the first time, but net income was lower due to the depressed situation in the chemical market, currency problems and Holland's high wage levels.

Sales were up about 9 per cent to Fl 10.1bn ($4.4bn), compared with a 22 per cent increase in 1976, with last year's rise solely attributable to higher gas sales volume and revenues. Net income, at Fl 110.3m ($48m), was down 16 per cent. Profits adjusted for inflation amounted to Fl 50m. Operating profits were more than halved last year, to Fl102.5m and the fact that net earnings showed a smaller decrease is due to the improved results from minority participations and a positive change in taxes owing to the investment allowance on capital expenditure.

On DSM's prospects Dr. W. Bogers, the chairman, says he expects surplus capacity in chemicals to affect the market for some time yet. There are no plans for large new projects for basic chemicals—the company will concentrate on improving efficiency.

Dr. Bogers said the Board had decided to pass the dividend for the first time since 1948.

The DSM chairman stated that although the peak in capital investments was now over, activity was still at a high level. Last year, expenditure totalled Fl 1.4bn, down 10 per cent on 1976. Capital expenditure is bound to decrease significantly, however, since several large projects were nearing completion and the building programme for the coming years had been adjusted to the lower cash flow.

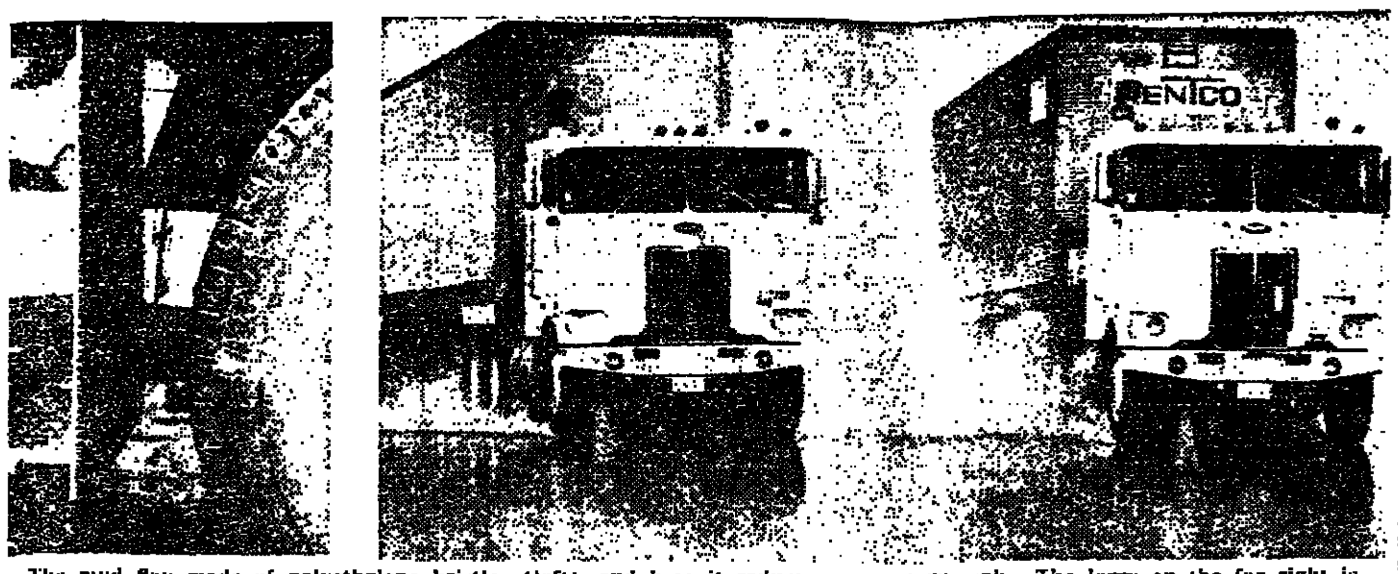
Dr. Bogers expresses regret that the French authorities have not allowed the takeover of the French fertiliser company, Gardinier. This would make penetration into that market more difficult and less rapid—"the present siutation in the fertiliser sector will provide an extra incentive to the UKF subsidiary to streamline its extensive production facilities, the bulk of which are in Holland," he said.

As for chemicals, good progress was made with building operations at the caprolactam plant of Nypro in Flixborough; the installation is due to come on stream in the second half of this year.

DSM's income statement shows that operating costs, excluding depreciation and amortisation, rose to Fl 9.67bn last year from Fl 8.71bn in 1976, leaving a gross profit of Fl 468.2m (Fl 595m). Pre-tax profit was down to Fl 55.1m (Fl 207.9m). The share in results of non-consolidated companies was up to Fl 46.7m (Fl 27.4m).

How an improved door mat could reduce danger of tyre spray

BY TONY FRANCIS



The mud flap made of polyethylene bristles (left), and how it reduces spray at 60 mph. The lorry on the far right is *not* fitted with the new spray guard.

ANYONE who has driven up the fast lane of the M6 on a wet day knows the problem—every heavy vehicle you pass splatters the windscreen with a fine spray of mud. No matter how good the windscreen washers and wipers, the driver is momentarily blinded by each vehicle he passes, and at 70 mph even half a second is enough to travel over 50 ft.

Many attempts have been made to solve the problem, and research continues all over the world, with little sign of success. To indicate the magnitude of the task—it has been calculated that a standard articulated vehicle, with 14 wheels, travelling at 30 mph on a typically wet road surface (less than 1/10th in of water) disperses about 28 gallons of water a minute, with a substantial increase at higher speeds, and during heavy rain.

Tests on a track sprayed with water have shown that it is the side spray forming clouds around a truck's drive wheels and a trailer's tandem axle that creates the real menace for motorists. Standard methods, conventional mudflaps and mudguards, do not prevent side spray. In fact, they aggravate it.

Water thrown back by the tyres smashes into conventional mudguards and other parts of the vehicle body, and is converted into tiny droplets. These are light enough to be caught in the slipstream and whirled into the path of passing motorists, cutting visibility by as much as 75 per cent.

Until now, all anti-spray designs so far produced have had dangerous side effects. For example, the apparently obvious solution is to shroud truck wheels by boxing them in, thus containing the spray. This works, but boxing also prevents air circulating around the tyres and brakes, which can lead to over-heating and sudden failure.

In the U.S., the Department of Transportation tested enclosed fenders and found they could lead to potential brake fade and/or failure: The latest development, now under extensive trial there (a Government report is expected later this year), and also being tried in Britain, is based on material initially developed for door mats.

Bristles

For some ten years, Monsanto has been making a plastic door mat, and this has now been further developed to form a mud flap. The backing material is of high density polyethylene, faced with thousands of ¾ in long low density polyethylene "bristles."

It is these bristles, or "blade matrix" as Monsanto calls them, that have solved the problem of spray formation. When the water is flung from the tyre it has much kinetic energy, providing the force that enables large drops to form a spray. Further energy is added when the droplets hit forward moving surfaces on the vehicle.

High speed ciné film of vehicles fitted with the "door mat" mud flap shows that the matrix of flexible plastic blades—being a projecting, discontinuous, non-planer surface—supports a frothy water layer. The froth takes the impact of the water drops and absorbs the energy, minimising the rebound that would occur from a flat surface. The drops, which are forced upward through the blades, loose further energy, coalesce, run down the backing material and flow back on to the road. It has been found that this also makes the flaps self-cleaning.

A typical installation would include vertical guards behind each wheel, on both tractor and trailer, and side valances along tandem wheel groups to catch fine droplets primarily emanating from capillary action, and stripped from the tops of the tyres. On test vehicles it was found that the water streaming from the bottom of the flaps is returned to the road at a level where it will not affect the windscreens of passing motorists.

Trial run

In the U.K., trailer manufacturer Crane Fruehauf has fitted flaps to three of its own test vehicles. The company reports encouraging results, and says that Spray Guard, as the flaps are called, "looks like the best anti-spray device yet."

Legislation in Britain, and other European countries, stipulates mudwings for the drive axle of the tractor, and mud flaps for the rear wheels of the trailer. It is claimed that fitting Spray Guard flaps reduces both vehicle weight and installation costs.

Crane Fruehauf, which is currently negotiating the market for the flaps in this country, says that when they are in full production the cost should be around £8 per flap. Monsanto expects to start full scale manufacture early next year.

According to Crane Fruehauf, several Bass Charrington trailers are to be fitted with the flaps: the Automobile Association will be fitting flaps to its trailers and small vehicles in the South East for a trial period: and Greater Manchester Transport Executive has asked for flaps for a test vehicle.

Motorists who have experienced that awful panic that grips the driver suddenly blinded as he accelerates past a big truck will be grateful for anything that reduces the hazards of motorway driving in the rain

INTL. FINANCIAL AND COMPANY NEWS

Koc planning major drive in overseas markets

BY METIN MUNIR

ISTANBUL, May 23.

A MAJOR shift of emphasis is taking place in the Koc group of Istanbul, the biggest industrial entity in Turkey, towards export orientation both in existing and projected industries.

"We have no alternative for survival," said Mr. Rahmi Koc, the group's president, in an interview here today. Koc's exports in 1977 amounted to $25m, a minute proportion of consolidated revenues which last year amounted to $1.13bn. This figure is 26 per cent higher than in the previous year.

Income before taxes and minority interests grew by 36 per cent to $175m. Of the consolidated revenues 59 per cent was derived from the automotive sector, 26.7 per cent from the industrial sector, which is dominated by the manufacture of electrical household appliances, and 14.3 per cent from other activities. Koc's manufacturing activities range from matches and tinned food to automobiles and tractors.

Last year's performance by the company indicates that although Turkey went through the worst economic crisis in its history in 1977, Koc was able to maintain high growth and profitability. The only unimpressive figure at Koc is, without doubt, exports which amount to a mere 2.5 per cent of consolidated revenues.

It is this and the bad performance in general of Turkey's export drive which have forced group executives to boost their efforts towards increasing their sales abroad.

"The country cannot be poor while we are making money," said Mr. Koc. "We must change our concept." His group's target this year was to nearly double exports to $40m.

Koc is ready to consider any industrial investment on condition that it was completely export oriented. Koc executives, he added, were touring the U.S., Saudi Arabia and Kuwait with a view to investigating the possibilities for such investments. They were also researching opportunities for making joint investments in the Gulf.

Mr. Koc said that they would also try to benefit from the foreign markets of companies with which they have licensing or joint instrument deals in Turkey such as Fiat, General Electric and Siemens.

The group is also in touch with a number of international banks which have approached it with proposals of pre-export financing, something which has never been tried in Turkey before.

ACI offers cash alternative

BY JAMES FORTH

SYDNEY, May 23.

AUSTRALIAN Consolidated Industries, the major glass, packaging and plastics group, today confirmed that it will offer a cash alternative to its share and cash takeover bid for electrical appliance group Vulcan Industries. The cash only alternative is necessary under stock exchange listing requirements because ACI began buying Vulcan shares after announcing its offer terms.

When ACI announced its initial terms last week—one ACI share plus 45 cents for each Vulcan share — the bid valued Vulcan scrip at $A2.23, placing a total value on Vulcan of almost $A50m. ACI's market price has since slipped, making the share and cash bid now worth $A2.12.

ACI held about 5 per cent of Vulcan's capital before announcing its offer. In heavy trading over the past week, it has since lifted its stake to more than 25 per cent.

Under exchange requirements, ACI's cash only bid must at least equal the highest price paid for the shares bought after announcing the offer. This, to date, is $A2.10—only 2 cents less than the current value of the shares and cash offer. If all shareholders accepted cash, ACI would have to pay at least A$46.8m compared with a cash component of only $A10m in the initial terms.

ACI's cash terms will not be revealed until the company sends out its official Part A documents, which are sent to the target company two weeks before the offer documents are posted to shareholders.

The Part A is not expected until late June. The offer documents must incorporate details about the accounts, including profits, which must be no older than nine months. ACI's year ends on March 31, and it announced a 37 per cent increase in earnings last week when revealing its bid for Vulcan. It will take several weeks for the audited results to be ready.

On another takeover front, directors of Dalton Brothers Holdings said they would seek independent advice on the A$1.40 a share takeover bid from W. R. Carpenter Holdings, which already owns 36.2 per cent of Dalton's capital. Dalton directors said they would make no recommendation on the bid until the independent assessment, but pointed out that the Board considered the offer price was inadequate based on Dalton's unbroken profit record, current performance and prospects, together with the fact that it was below the asset backing of the shares

Setback for Kyoto Ceramic

TOKYO, May 23.

KYOTO CERAMIC COMPANY has announced a fall of 25.1 per cent to Y6.24bn ($27.5m) in consolidated net profit in the year to March 31, from Y8.34bn in the previous year when there was a rise of 37.6 per cent. Consolidated sales also fell—by 3.9 per cent to Y46.74bn, from Y48.65bn the year before which produced a 44.2 per cent sales gain.

For the current year, however, the company expects net profit to rise 37.8 per cent to Y8.6bn, on a 21.7 per cent rise in sales to Y56.9bn

The company said that the declines in net profit and sales last year were due mainly to the sharp appreciation of the yen. Both export and domestic sales fell.

Net profit per share fell to Y137, from Y183, while earnings per American Depositary Share (ADS) were reduced to Y274, from Y366

The percentage of net income to sales fell to 13.4 per cent from 17.1 per cent. Exports dropped to a 62.0 per cent of sales from 66.5 per cent.

The company has not raised its prices for exports, despite the yen's rise. The average contract price on exports was based on Y255 during the year, while the exchange rate fell to about Y230 at the end of the year.

Sales of integrated circuit packages—49.5 per cent of all sales—rose 13 per cent, but other key product areas showed reductions. Sales of the second major product area, watch related electronic parts, fell 30 per cent, to account for about 8 per cent of sales.

Japan recession hit foreign companies

BY DOUGLAS RAMSEY

TOKYO, May 23.

FOREIGN COMPANIES in Japan saw their earnings decline more sharply than those of the major domestic companies during the 1974-75 recession, according to a survey just published by the Ministry for International Trade and Industry (MITI). The annual survey of foreign-affiliated enterprises in Japan, although covering only the period up to March 1976, reveals that the profit-to-sales ratio in foreign companies in fiscal 1975 was 0.4 per cent compared with 0.7 per cent in Japanese industry. By contrast, foreign companies managed to pay an average 10.2 per cent dividend during the period compared with 9.6 per cent for major Japanese corporations.

Foreign-affiliated companies covered in the survey account for about 84 per cent of direct foreign investment in Japan, with sales equal to 1.9 per cent of total sales by all Japanese industries (but a higher 3.9 per cent in the manufacturing sector). In terms of jobs created, the companies owned 25 per cent or more by foreign interests employed about 205,000 workers at March 1976—less than 1 per cent of employment in all Japanese industry. Thus, foreign investment in Japan remained in 1976 a very modest force in terms of the Japanese economy.

According to MITI's latest survey, sales of the foreign-affiliated enterprises amounted to $30bn or 1.9 per cent of total corporate sales in the year. After-tax net profit were 2 per cent of the total at about $150m, and total assets were $22bn (also 2 per cent of the total for Japanese industry).

Although the dividend propensity in foreign-affiliated companies was about double the level in Japanese industry, profits fared decidedly worse—not for the first time. From the relatively higher (but inflation-obscured) figures of 1973, the profits after tax of foreign companies in Japan declined 55 per cent in fiscal 1974 and by another 31 per cent in fiscal 1975.

Light Metal restructuring move

TOKYO, May 23.

NIPPON LIGHT METAL Company has announced that it will absorb two Japanese subsidiaries in October this year, in its restructuring as an integrated aluminium smelter-roller-fabricator-distributor.

The company, half-owned by Alcan Aluminium, said it reached agreements with the two, Nikkei Aluminium Sales Company, on their merger which will complete integration of all divisions of the Nippon Light Metal group of companies.

The company said it had incurred cumulative deficits of Y17bn due to a protracted recession in the aluminium market.

An advisory committee, organised by the company, Alcan and two Japanese banks, Dai-Ichi Kangyo Bank and the Industrial Bank of Japan, is currently working out a plan for its reconstruction.
Reuter

Hong Kong code defines control

By Anthony Rowley

HONG KONG, May 23.

THE REVISED CODE on Takeovers and Mergers published today by the official Securities Commission here introduces a definition of what constitutes "control" for purposes of a takeover.

Under the Code, a bidder is deemed to have control once he acquires 50 per cent or more of the voting rights in a company, as are bidders acting in concert. The original code, published in 1975, did not seek to quantify the term "control."

This interpretation is still a good deal more liberal than the so-called "30 per cent rule" which is the level under the City Code on Takeovers and Mergers in London, at which a mandatory bid is required, but official sources here claim there is a need to proceed by stages towards the UK criterion.

One reason for this is thought to be the prevalence in Hong Kong of sizeable family shareholdings in companies, and the wish to avoid triggering a full bid on the occasions when these change hands.

The new code also tightens up the disciplinary actions which the administering Committee on Takeovers and Mergers can apply if the code is breached. "If the committee finds that there has been a breach, it may have recourse to private reprimand or public censure or to further action as appropriate.

This again tightens up on the original code, which simply said that cases of breaching could be referred to the committee for consideration, but it still lacks the teeth with which the threat of withdrawal of securities industry facilities provides the London takeover code.

Bidders also have to make comparable offers for more than one class of equity share capital where these exist in an offeree company, to forestall bidders acquiring control through the back door by buying up voting shares only.

The revised code requires latest profit figures, including those for unexpired accounting periods, to be included in profit forecasts, and introduces features such as the need for bidders to say what they intend to do with an acquired business and their intentions regarding employees in the business.

Cash and carry group planning major bid

By Richard Rolfe

JOHANNESBURG, May 23.

SHARES in Metro Cash and Carry, one of the fastest growing groups quoted in Johannesburg, were suspended yesterday because of discussions on an acquisition which is completed, it is said, would have a substantial effect on profits. The outcome of the deal, according to Mr. Lionel Katz, chairman of Metro Cash, will be made known later this week. Metro Cash showed gross profits of R7.6m ($8.7m) on turnover of R243m ($278m) in its year to end-February, and the deal now proposed would add "a couple of million" to this total, according to Metro Cash.

Speculation in the stock market has been centred around companies with operations parallel to those of Metro Cash in the cash wholesaling of basic consumer goods. Another possibility suggested, however, is that to complement its success in the consumer goods area, Metro Cash is looking at the possibility of buying a major hardware business.

Progress at Imperial Cold Storage

By Our Own Correspondent

JOHANNESBURG, May 23.

FIGURES FROM Imperial Cold Storage, one of the main South African processors of frozen food show continuation of the group's progressive profits and dividend record and suggest that increasing benefits are being derived from the capital expenditure programme of recent years.

For the year ended February 28, turnover improved 12 per cent from R397m, to R446m ($510m) and group pre-tax profit was up from R14.7m to R16.9m ($19.3m). Margins were a shade firmer at 3.8 per cent, and with a slightly lower tax rate net profits went ahead from R7.4m to R8.8m ($10.1m). Earnings per share were up from 35 cents to 37 cents and the dividend has been raised one cent to 13 cents, putting the shares at 175 cents on a yield of 7.4 per cent.

The figures reflect internally generated growth, with the main change in Imperial's interest over the past year being the acquisition of 50 per cent Land Harvest from the Australian group H. Jones, Imperial already having the other 50 per cent. Progressive as the record has been, the low yield on the shares also reflects market purchases by the Old Mutual and its associate Common Fund which hold 34 per cent of the shares between them, with Tiger Oats holding another 14 per cent.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

	Bid	Offer
STRAIGHTS		
Alcan Australia 8pc 1989	96¼	97½
AMEV 8pc 1987	96¼	97¼
Australia 8½pc 1992	95¼	94¼
Australian M. & S. 9½pc '92	97	97¾
[illegible]	96¼	97¾
[illegible]	97¼	98¼
[illegible]	96¾	97¼
[illegible]	97¼	98
[illegible]	99¼	100¼
[illegible]	99¼	99¼
[illegible]	[illegible]	93¼
[illegible]	98¼	99
[illegible]	98	98¼
[illegible]	96	98¼
[illegible]	100¼	101
[illegible]	96	96¼
[illegible]	97¼	100¼
Hamersley 9½pc 1992	99	99¼
Hydro Quebec 9pc 1992	97	97¼
[illegible]	104	104¼
[illegible]	96¼	97¼
[illegible]	95¼	96¼
[illegible]	101¼	102¼
[illegible]	97¼	98¼
[illegible]	94¼	95¼
[illegible]	99¼	100¼
Newfoundland 9pc 1989	99	99¼
[illegible]	99¼	99¼
[illegible]	96¼	97¼
[illegible]	96¼	97¼
Norges Komm. Bk. 8½pc 1992	96¼	97¼
Norpipe 8½pc 1989	96	96¼
Norsk Hydro 8½pc 1992	100	100¼
Oslo 9pc 1988	98¼	99
Ports Autonomes 9pc 1991	98¼	99
Prov. Quebec 9pc 1995	95¼	96¼
Prov. Saskatch. 8½pc 1986	93	95
Rand International 9pc 1987	97	97¼
[illegible]	104	97¼
Selection Trust 8½pc 1989	98¼	99
Skand. Enskilda 9pc 1991	97	97¼
SKF 8pc 1987	96	96¼
Sweden (K'dom) 8¼pc 1987	95¼	98¼
United Biscuits 9pc 1989	93¼	93¼
Volvo 8pc 1987 March		
NOTES		
[illegible]	95	95¼
[illegible]	93	94¼
[illegible]	97¼	97¼
[illegible]	95¼	95¼
[illegible]	97¼	96¼
[illegible]	96¼	97
[illegible]	95¼	96¼
[illegible]	96¼	97
[illegible]	95¼	96¼
[illegible]	96¼	97¼
[illegible]	97	97¼
[illegible]	97¼	98
[illegible]	99	100
[illegible]	100	101¼
[illegible]	98	98
[illegible]	99¼	100¼

	Bid	Offer
New Zealand 8½pc 1986	97¼	98¼
Nordic Inv. Bk. 7¾pc 1984	93¼	95
Norsk Hydro 7¼pc 1982	97	97¼
Norway 7¾pc 1982	96	98¼
Ontario Hydro 8pc 1987	94¼	93¼
Singer 8½pc 1982	100	100¼
S. of Scot. Elec. 8¾pc 1981	99¼	100
Sweden (K'dom) 7¾pc 1982	96¼	97¼
Swedish State Co. 7¾pc '82	97	97¼
Telmex 8½pc 1984	95¼	100
Tenneco 7¾pc 1987 May	93¼	94
Volkswagen 7¾pc 1987	94¼	95¼
STERLING BONDS		
Allied Breweries 10½pc '90	88	90
Citicorp 10pc 1993	90	91
Courtaulds 9½pc 1989	88	90
ECS 9¼pc 1989	93¼	94¼
EIB 9¼pc 1988	93¼	94¼
EIB 9¾pc 1992	93¼	94¼
Finance for Ind. 9¼pc 1987	89¼	90¼
Finance for Ind. 10pc 1989	90¼	91¼
Fisons 10½pc 1987	93¼	94¼
Gestetner 11pc 1989	92¼	93¼
INA 10pc 1988	89¼	90¼
Rowntree 10¾pc 1988	88	89
Sears 10½pc 1988	88¼	89¼
Total Oil 9pc 1984	92	93
DM BONDS		
Asian Dev. Bank 6pc 1988	97¼	98
BNDE 6¾pc 1986	96¼	97
Canada 4½pc 1983	97¼	96¼
Den Norske Id. Bk. 6pc '90	98	99¼
Deutsche Bank 4½pc 1983	97¼	98¼
ECS 5½pc 1990	93¼	95¼
EIB 5½pc 1990	93¼	93¼
Elf Aquitaine 5¾pc 1988	95¼	96
Euratom 5½pc 1987	97¼	98
Finland 5½pc 1986	97¼	98
Forsmarks 5¾pc 1990	97¼	95
Mexico 6pc 1985	97¼	94¼
Norcem 5¾pc 1989	100	100¼
Norway 4½pc 1983	99	100
Norway 4½pc 1983	97¼	96¼
PK. Banken 5½pc 1988	95¼	96¼
Prov. Quebec 6pc 1990	97¼	98¼
Rautaruukki 5¾pc 1988	96	96¼
Spain 6pc 1988	94	94¼
Trondheim 5¾pc 1988	96¼	97¼
TVO Power Co. 6pc 1988	97¼	98¼
Venezuela 6pc 1988	97	97¼
World Bank 5¾pc 1990	98	98¼
FLOATING RATE NOTES		
Bank of Tokyo 1984 7¾pc	99¼	100¼
BFCE 1984 8¼pc	99¼	100¼
BNP 1983 8¼pc	100¼	101¼
CCF 1985 8½pc	99¼	100
CGMF 1984 7¼pc	99¼	100
Creditanstalt 1984 8¼pc	99¼	100¼

	Bid	Offer
Credit Lyonnais 1982 8pc	100	100¼
DG Bank 1982 7 15/16pc	100¼	100¼
GZB 1981 8 1/16pc	100¼	101
Intl. Westminster 1984 8pc	99¼	100
Lloyds 1983 7¾pc	100¼	100¼
LTCB 1983 8pc	99¼	100¼
Midland 1982 8pc	100¼	101¼
Midland 1987 8 9/16pc	99¼	100¼
OKB 1983 7¾pc	100	100¼
SNCF 1985 8½pc	99¼	100
Std. and Chtrd. '84 7 11/16pc	99¼	100¼
Wms. and Glyn's '84 8 1/16pc	99¼	100¼

Source: White Weld Securities.

	Bid	Offer
CONVERTIBLES		
American Express 4¾pc '87	88¼	90
Ashland 5pc 1988	94	95¼
Babcock & Wilcox 6¼pc '97	102	103
Beatrice Foods 4½pc 1992	98¼	100
Beatrice Foods 4¾pc 1992	107	109
Beecham 6¼pc 1992	98	99
Borden 5pc 1992	100	101¼
Broadway Hale 4¾pc 1987	77¼	79
Carnation 4pc 1987	78	79¼
Chevron 5pc 1988	137¼	139
Dart 4¾pc 1987	81	82¼
Eastman Kodak 4½pc 1988	86	87¼
Economic Labs 4¾pc 1987	78¼	80
Firestone 5pc 1988	87	84¼
Ford 5pc 1988	88	89¼
General Electric 4¼pc 1987	85¼	87
Gillette 4¾pc 1987	77¼	79
Gould 5pc 1987	116¼	118
Gulf and Western 5pc 1988	89	90¼
Harris 5pc 1992	179	181
Honeywell 6pc 1986	88	89¼
ICI 6¾pc 1992	88	89
INA 6pc 1997	85¼	87
Inchcape 6¾pc 1992	114	115
ITT 4½pc 1987	92¼	94
Jusco 6pc 1992	108	109
Komatsu 7¼pc 1990	122¼	123¼
J. Ray McDermott 4¾pc '87	170	172
Matsushita 6¼pc 1990	102	103¼
Mitsui 7¼pc 1990	117¼	119¼
J. P. Morgan 4½pc 1987	101¼	103
Nabisco 5½pc 1988	102	103¼
Owens Illinois 4¾pc 1987	118¼	120
J. C. Penney 4¼pc 1987	78¼	80
Revlon 4¾pc 1987	117	118¼
Reynolds Metals 5pc 1988	86¼	88
Sandvik 6¼pc 1988	108	110
Sperry Rand 4¼pc 1987	92¼	94
Squibb 4½pc 1987	81	83¼
Texaco 4¾pc 1988	81	82¼
Toshiba 6¼pc 1992	123	124
Ty Co. 5pc 1984	77¼	79
Union Carbide 4¾pc 1982	95	96¼
Warner Lambert 4½pc 1987	88	89¼
Warner Lambert 4¾pc 1988	75¼	77
Xerox 5pc 1988	80	81¼

Source: Kidder, Peabody Securities.

CLIVE INVESTMENTS LIMITED
1 Royal Exchange Ave., London EC3V 3LU. Tel.: 01-283 1101.
Index Guide as at 23rd May, 1978 (Base 100 at 14.1.77)

Clive Fixed Interest Capital	127.67
Clive Fixed Interest Income	113.51

CORAL INDEX: Close 468-473

INSURANCE BASE RATES

† Property Growth	9¼%
† Vanbrugh Guaranteed	8¼%

† Address shown under Insurance and Property Bond Table

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Index off 10 on inflation worries

BY OUR WALL STREET CORRESPONDENT

NEW YORK, May 23.

WITH INVESTORS becoming increasingly worried about inflation, Wall Street was subjected to a new bout of profit-taking today and closed sharply lower after a large turnover.

The Dow Jones Industrial Average retreated 10.13 to 845.29, while the NYSE All Common Index came back 53 cents to $54.90, while declines outpaced gains by 1,029 to 471. Turnover expanded by 4.53m shares to 33.23m from yesterday's level.

Analysts said there was growing concern about how high inflation and interest rates could go before they would begin to pinch profits.

Inflation fears were heightened by comments from Barry Bosworth, President Carter's Wage and Price Council director, who predicted that U.S. consumer prices for April and May will show a 9 per cent. rise on an annual basis.

Brokers reported that some selling was induced by Press reports that Goldman Sachs, investment strategists, have recommended that institutional clients raise their cash reserves by reducing stock holdings modestly.

Brokers also found disappointment in the fact that Monday's Dow Industrial index gain of 8.37 points, which followed profit-taking of the two previous trading sessions, came on the lowest volume since the strong stock market rally began in mid-April.

However, analysts noted that most of the selling was concentrated in glamour stocks that have strengthened noticeably since mid-April. One of them added that "we are getting a normal reaction" and that a correction at this point is healthy and can provide a needed "restructuring of the balance of supply and demand."

The market's slide slowed for a time on expectations of movement towards passage of a natural gas price deregulation Bill, but nothing emerged from House energy conferees before the New York market closed.

IBM was hard hit, sliding 3¾ to $263½—the company said that it has completed its programme of share repurchases, having bought 2.42m. shares for $624m.

Gold stocks, however, benefited from the U.S. Treasury's gold auction, which pushed the gold price to about $181 an ounce. Dome Mines advanced 2 to $73½ and Homestake Mines 1½ to $36¾.

THE AMERICAN SE Market Value Index receded 0.56 to 143.29. Volume was a heavy 5.23m. shares (4.69m).

TUESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Reliance	605,900	32?	−¼
American Motors	515,600	5?	−?
Fann. Mae	426,100	17¼	−¼
Westinghouse Elect.	401,000	22	—
Caesars World	349,300	20?	−?
J. C. McDermott	262,000	29?	+?
Bally	247,200	32?	−¼
Amer. Home Prods.	226,500	29?	−?
Playboy Enterprises	224,?00	15?	−?
Polaroid	2??,200	3??	−1?

OTHER MARKETS

CANADA—Most sectors made further good progress yesterday in an active business. The Toronto Composite Index advanced 7.8 to a new 1978 high of 1136.3, while Golds, on firmer Bullion prices, forged ahead 46.3 to 1372.0 on index. Metals and Minerals added 12.7 at 988.0. Banks 7.61 at 280.82, and Financial Services 20.93 at 1102.54.

PARIS—Underpinned by news of a continuing although reduced trade surplus for France in April, Bourse prices mainly moved forward yesterday. The market was also supported by a feeling that the planned capital gains tax, expected to be discussed at today's Cabinet meeting, may be less severe than previously feared.

Closing prominently higher were Bouygues, CIT Alcatel, Borel, Peugeot, Ferrier, Printemps and Elf-Aquitaine, while the Sugar concern Beghin-Say went the day's limit up.

Steels were the only shares to ease, Bourse sources commented.

TOKYO—Market closed firmer for choice, with buying interest centred on export-orientated Electricals and Cameras and some other Blue Chips following a recovery of the U.S. dollar against the yen in Tokyo and the overnight Wall Street stock market improvement. The Nikkei-Dow Jones Average put on 9.25 to 5,417.48 on moderate volume of 230m shares (210m).

Sony rose Y20 to Y1,760, Pioneer Y40 to Y1,710, and Canon Y5 to Y470.

Machines continued to gain ground, reflecting a recovery in domestic demand, while recently sold Public Works issues were slightly harder. Pharmaceuticals, Photo Films and Motor Components were also firm sectors, but Steels retreated on profit-taking, while Non-ferrous Metals, Petroleums and Paper-Pulps also declined.

SS Pharmaceutical rose Y33 to Y545, Nippon Hodo Y50 to Y1,150, Konishiroku Photo Y40 to Y377, and Maruko Y27 to Y295.

GERMANY—Shares continued to show a firm bias in a small turnover.

BMW shed DM 1 after reporting lower net profits, but other Motor issues were mostly harder.

Among Banks and Stores, BHF rose DM 4.50, Deutsche Bank DM 1.50, Neckermann DM 1.80 and Horten DM 2.

Public Authority Bonds were again up to 40 pfennigs weaker. The Bundesbank bought DM 51.3m nominal of stock (DM 31.3m).

AMSTERDAM—A widespread improvement occurred, with the brunt of the demand coming from foreign investors. All the main Bourse indices reached new highs for the year.

KLM featured with an advance of 14.5 to Fl 191.5, while Elsevier moved ahead 11.2 to Fl 282.0.

AUSTRALIA—Profit-taking, concentrated in leading Industrial and Mining issues, brought an easier tendency to stock markets yesterday, following the recent marked buoyancy.

BHP reacted 8 cents to A$6.66 in light trading, while David Jones, in Retailers, came back 7 cents to $A1.35.

CSR, which is facing problems on both the Mining and Sugar fronts, shed 2 cents to A$2.90 after one of its partly-owned subsidiaries reported a loss on its sugar operations. Other Sugar stocks took this news as a downward cue and Bundaberg declined 5 cents to $A3.35.

Uraniums had their recent strong gains trimmed. Pancontinental slipping back 50 cents to A$14.00.

Among other Minings, MIM receded 5 cents to A$2.17, as did Western Mining to $A1.37, while CRA declined 7 cents to A$2.45.

Golds were firmer, however, Central Norseman putting on 6 cents to A$8.20.

SPAIN—Recent uncertainty continued, with stocks mainly losing ground to leave the Madrid General index 1.12 lower at 103.03. Against the trend, Banco de Santander advanced 12 points to 413 and FEMSA 8 to 177.

HONG KONG—Share prices opened on a strong note, but later reacted on profit-taking to close with mixed movements after moderate activity.

Hong Kong Bank finished 10 cents up at HK$ 13.20 and Hong Kong Land 5 cents higher at HK$ 7.95, but Jardine Matheson ended 20 cents down at HK$ 13.00 and Hutchison Whampoa 5 cents off at HK$ 4.60.

JOHANNESBURG—Golds were inclined to improve a little more on the higher Bullion trend.

Coppers featured strongly with gains of 12 to 35 cents, reflecting the sharp increase in the metal price.

Indices

NEW YORK - DOW JONES

	May 23	May 22	May 19	May 18	May 17	May 16	1978 High	1978 Low	Since compilat'n High	Since compilat'n Low
Industrials	845.29	855.42	846.86	850.82	858.37	854.50	858.37 (17/5)	742.12 (28/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me Bnds*	88.41	88.51	88.47	88.59	88.55	88.55	90.50 (4/1)	88.31 (22/5)	—	—
Transport	227.60	231.60	229.16	230.91	231.25	229.65	231.80 (22/5)	199.31 (9/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	104.36	104.67	104.26	104.09	104.06	104.02	110.98 (5/1)	102.34 (22/2)	165.52 (20/4/69)	10.58 (28/4/42)
Trading Vol. 000's	33,230	33,700	34,560	42,270	45,490	49,160	—	—	—	—

*Basis of Index changed from August 24

Ind. div. yield %	May 19	May 12	May 5	Year ago (approx.)
	5.48	5.51	5.61	4.69

STANDARD AND POORS

	May 23	May 22	May 19	May 18	May 17	May 16	1978 High	1978 Low	Since Compilat'n High	Since Compilat'n Low
Industrials	106.47	109.70	106.52	109.11	110.51	109.98	110.31 (17/5)	95.52 (6/3)	134.64 (11/1/73)	3.52 (30/6/32)
Composite	98.05	99.08	98.12	98.62	99.60	99.55	99.60 (17/5)	86.90 (6/3)	125.85 (11/1/73)	4.40 (1/6/32)

	May 17	May 10	May 3	Year ago (approx.)
Ind. div. yield %	4.85	5.04	5.02	4.34
Ind. P/E Ratio	9.53	9.16	9.18	10.37
Long Govt. Bond yield	8.42	8.45	8.39	7.72

N.Y.S.E. ALL COMMON

May 23	May 22	May 19	May 18	1978 High	1978 Low
54.90	55.43	54.95	55.20	55.68 (17/5)	48.37 (6/3)

Rises and Falls

	May 23	May 22	May 19
Issues traded	1,922	1,912	1,907
Rises	471	922	579
Falls	1,029	592	898
Unchanged	422	398	430
New Highs	86	105	63
New Lows	45	38	40

MONTREAL

	May 23	May 22	May 19	May 18	1978 High	1978 Low
Industrial	183.61	(c)	182.89	182.45	183.81 (23/5)	162.90 (16/2)
Combined	192.88	(c)	191.72	190.35	192.88 (23/5)	170.67 (20/1)
TORONTO Composite	1136.3	(c)	1128.5	1125.6	1136.3 (23/5)	998.2 (30/1)
JOHANNESBURG Gold	212.7	210.1	205.2	202.3	218.7 (1/2)	183.0 (20/4)
Industrials	223.7	223.5	222.9	223.5	223.7 (23/5)	194.9 (15/5)

	May 23	Previous	1978 High	1978 Low
Australia (*)	482.72	494.40	494.49 (15/5)	441.19 (1/3)
Belgium (†)	95.45	93.08	101.12 (6/6)	95.45 (23/5)
Denmark (**)	95.42	95.43	96.13 (9/1)	94.00 (6/2)
France (††)	65.5	65.6	66.7 (23/4)	47.9 (6/2)
Germany (‡‡)	771.6	770.5	812.1 (10/2)	769.4 (17/5)
Holland (§§)	83.2	81.7	83.2 (23/5)	76.0 (4/4)
Hong Kong (¶¶)	466.37	465.65	466.37 (23/5)	383.44 (13/1)
Italy (‖)	64.00	64.25	64.25 (22/5)	55.40 (10/1)
Japan (a)	406.71	406.10	416.11 (13/4)	364.04 (4/1)
Singapore (b)	314.02	(c)	315.25 (19/5)	282.0 (1/6)
Spain (d)	103.03	—	110.72 (9/5)	87.60 (17/5)
Sweden (e)	371.68	374.37	381.92 (5/5)	325.71 (3/1)
Switzerl'd (f)	292.7	292.9	296.6 (16/5)	278.1 (25/4)

Indices and base dates (all base values 100 except NYSE All Common — 50 Standards and Poors — 10 and Toronto 300-1,000, the last named based on 1975) + Excluding bonds ‡ 400 Industrials § 400 Inds., 40 Utilities, 40 Finance and 20 Transport. (*) Sydney All Ord. (†) Belgian SE 31/12/63. (**) Copenhagen SE 1/1/73. (††) Paris Bourse 1961. (‡‡) Commerzbank Dec., 1953. (§§) Amsterdam Industrial 1970. (¶¶) Hang Seng Bank 31/7/64. (‖) Milan 2/1/73. (a) Tokyo New SE 4/1/68. (b) Straits Times 1966. (c) Closed. (d) Madrid SE 30/12/77. (e) Stockholm Industrial 1/1/58. (f) Swiss Bank Corp. (u) Unavailable.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.
♦ DM50 denom. unless otherwise stated; yields based on net dividends plus tax.
♥ Ptas.500 denom. unless otherwise stated.
♣ Kr.100 denom. unless otherwise stated.
♠ Frs.500 denom. and Bearer shares unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. ‡ Traded. ‖ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

£ & $ quiet

Trading in yesterday's foreign exchange market remained subdued with no fresh factors to prompt any real movement. Sterling spent a very uneventful day and this was reflected in its trade-weighted index, which is calculated by the Bank of England, showing no change during the day from the previous close of 61.6. Opening at $1.8110-1.8120 in terms of the U.S. dollar, the pound touched a best level of $1.8135-1.8140 before coming back to $1.8100-1.8110, a loss of 30 points. Early rates in New York showed a further decline to $1.8085-1.8095.

The U.S. dollar tended to drift slightly in early dealings with some selling coming out of Germany. During the afternoon, however, revived buying interest saw the dollar erase earlier losses and at noon in New York, Morgan Guaranty's calculation of the dollar's trade-weighted average depreciation, showed an improvement to 4.71 per cent from 4.78 per cent. Against the West German mark, the dollar fell at one point to DM 2.1220 before recovering to touch DM 2.1330. Compared with DM 2.1235 on Monday, it finished at DM 2.1295. The Swiss franc gained in dollar terms to SwFr 1.9715 from SwFr 1.9765. Trading appeared to be less active ahead of the U.S. trade figures for April, due tomorrow.

Gold improved $1¾ an ounce to $180¾-181½ and was quietly firm ahead of the U.S. gold auction. The Krugerrand's premium over its gold content narrowed to the common close of 2.97 per cent over the previous common close of 3.27 per cent.

CURRENCY RATES

	Special Drawing Rights May 23	European Unit of Account May 23
Sterling	0.668513	0.669440
U.S. dollar	1.21188	1.21551
Canadian $	1.34882	1.34966
Austria sch.	18.5054	18.5225
Belgian franc	40.1859	40.2400
Danish krone	6.93577	6.94237
Deutsche m'rk	2.57500	2.57813
Dutch guilder	2.75460	2.75758
French franc	5.66433	5.67068
Italian lira	1057.37	1058.57
Japanese yen	277.521	277.460
Norway krone	6.63565	6.63589
Spain peseta	98.5622	98.6517
Swedish krone	5.65439	5.65984
Swiss franc	2.38595	2.39012

EXCHANGE CROSS-RATES

May 23	Frankfurt	New York	Paris	Brussels	London	Amst'd'm	Zurich
Frankfurt	—	2.1300-1315	46.52-62	6.408-418	3.854-64	93.40-50	108.00-15
New York	46.86-88	—	21.35-37	3.060-120	1.8092-8103	43.81-87	50.80-86
Paris	219.72-20.2	4.685-80	—	14.020-114	8.465-455	20.40-90	237.20-70
Brussels	15.59-63	33.15-18	7.08-11	—	60.05-15	14.58-60	16.82-87
London	3.854-864	1.8100-8110	8.464-47½	60.15-25	—	4.12½-13½	3.57-58
Amsterdam	106.915-965	2.2717-742	48.585-635	6.825-75	4.119-1245	—	116.36-41
Zurich	92.500-582	1.971-972	42.147-195	5.9236-9362	5.5665-5711	85.39-43	—

U.S. $ in Toronto U.S. = 111.35-111.38 Canadian cents.
Canadian $ in New York = 89.86-88 cents. U.S. $ in Milan 872.70-3.00
Sterling in Milan 1581.30-60.

EURO-CURRENCY INTEREST RATES*

May 23	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilders	Swiss franc	W. German mark
Short term	9¾-10¼	6½-7½	7¼-7½	4⅜-4⅝	⅝-⅞	3⅜-3½
7 days notice	10-11	6½-7½	7⅜-7⅝	4¼-4½	1⅛-2¼	3⅜-3½
Month	10½-10⅞	6½-7⅞	7⅝-7⅞	4¼-4½	1½-1⅝	3⅜-3½
Three months	11-11⅝	7⅝-8	8-8¼	4¼-4½	1⅞-1⅞	3⅜-3½
Six months	11¾-12⅛	8-8⅜	8¼-8½	4½-4¾	1¾-2	3½-3¾
One Year	12-12⅜	8¼-8⅝	8⅜-8⅝	5½-5⅜	2⅛-2¼	3⅞-3½

Euro-French deposit rates: two-day 8-8¼ per cent: seven-day 8¼-8½ per cent: one-month 8¹³⁄₁₆-8¹¹⁄₁₆ per cent: three-month 9⁵⁄₁₆-9⁹⁄₁₆ per cent: six-month 9¾-10 per cent: one-year 10¼-10¾ per cent.

Long-term Eurodollar deposits, two years 8⁹⁄₁₆-8¹¹⁄₁₆ per cent; three years 8¹¹⁄₁₆-8¹³⁄₁₆ per cent; four years 8¹³⁄₁₆-8¹⁵⁄₁₆ per cent; five years 8⅞-9 per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 7.55-7.65 per cent: three-month 7.80-7.90 per cent: six-month 8.10-8.20 per cent: one-year 8.30-8.40 per cent.

Short-term rates are call for sterling, U.S. dollars and Canadian dollars: two days' notice for guilders and Swiss francs.

GOLD MARKET

	May 23	May 22
Gold Bullion (a fine ounce)		
Close	$180¾-181½	$179-179¼
Opening	$180-180½	$179-179½
Morning fix'g	$180.25 (£99.448)	$179.35 (£99.253)
Aftern'n fix'g	$179.75 (£99.282)	$179.20 (£99.077)
Gold Coin, domestically		
Krugerrand	$185½-187½ (£102¼-103¼)	$184¼-186¼ (£101¼-102¼)
N'w Sov'gns	$54½-56½ (£30¼-31¼)	$54¼-56¼ (£30¼-31¼)
Old Sov'gns	$56-58 (£31-32)	$55¼-57¼ (£30⅛-31⅛)
Gold Coins (internat'lly)		
Krugerrand	$185½-187½ (£102¼-103¼)	$184¼-186¼ (£101⅞-102⅞)
New Sov'gns	$54½-56½ (£30¼-31¼)	$54¼-56¼ (£30¼-31¼)
Old Sov'gns	$56-58 (£31-32)	$55¼-57¼ (£30½-31½)
$20 Eagles	$276¼-279¼	$275¼-278¼

FOREIGN EXCHANGES

May 23	Bank Rate %	Market Rates Day's Spread	Market Rates Close
New York	7	1.8085-1.8140	1.8100-1.8110
Montreal	8½	2.0135-2.0170	2.0140-2.0150
Amsterdam	4	4.11-4.14	4.12½-4.13½
Brussels	6½	59.95-60.30	60.15-60.25
Copenhagen	9	10.35½-10.38½	10.36½-10.37½
Frankfurt	3	3.84½-3.87	3.85½-3.86½
Lisbon	18	84.75-85.50	85.00-85.50
Madrid	8	147.25-147.75	147.35-147.45
Milan	11½	1,579-1,583	1,580-1,581
Oslo	7	9.90-9.94	9.90½-9.91½
Paris	9½	8.46-8.43	8.46½-8.47½
Stckholm.	7	8.45-8.48	8.46-8.47
Tokyo	3½	412-419	414½-415½
Vienna	5½	27.65-27.80	27.70-27.80
Zurich	1	3.56-3.59	3.57-3.58

‡ Rates given for convertible francs. Financial francs 38.40-38.60.

OTHER MARKETS

			Notes Rates
Argentina	1,398-1,402	Argentina	1250-1350
Australia	1.6051-1.6182	Austria	27-28½
Brazil	30.65-31.65	Belgium	59½-61
Finland	7.79½-7.81	Brazil	35-38
Greece	67.483-68.152	Canada	2.01-2.05
Hong Kong	8.4225-8.4425	Denmark	10.30-45
Iran	124-130	France	8.40-8.55
Kuwait	0.500-0.510	Germany	3.80-3.95
Luxemb'rg	60.15-60.25	Greece	66-72
Malaysia	4.35-4.38	Italy	1560-1620
N. Zealand	1.7914-1.8098	Japan	405-425
Saudi Arab.	6.20-6.30	Netherl'nd	4.05-4.20
Singapore	4.2325-4.2425	Norway	9.85-10.05
S. Africa	1.5615-1.5866	Portugal	75-85
U.S.		Spain	145-148
Canada		Switz'land	3.50-3.65
U.S.		U.S.	1.81½-1.82
U.S. cents	89.84-89.87	Yugoslavia	34-36

Rates given for Argentina is a free rate.

FORWARD RATES

	One month	Three months
New York	0.53-0.43c. pm	1.42-1.32 c. pm
Montreal	0.55-0.45c. pm	1.50-1.40c. pm
Amst'dam	2½-1½ c. pm	7¼-6¼ c. pm
Brussels	30-20 c. pm	85-75 c. pm
Cop'nhgn.	3-5 ore dis	7½-9½ ore dis
Frankfurt	2⅞-1⅞ pf pm	7⅞-6⅞ pf pm
Lisbon	25-185 c. dis	100-500 c. dis
Madrid	35-115 c. dis	140-220 c. dis
Milan	2-5 lire dis	9-13 lire dis
Oslo	3½-2½ ore dis	2-4 ore dis
Paris	2-1 c. pm	4-3 c. pm
St'ckholm	1½ore pm-½ore dis	3¼-1¼ ore pm
Vienna	15-5 gro pm	32-22 gro pm
Zurich	3⅝-2⅝ c. pm	9-8 c. pm

Six-month forward dollar 2.65-2.55c pm. 12-month 3.95-3.85c pm.

OVERSEAS SHARE INFORMATION

Inv. $ Prem. $2.60 to £—111⅞% (111⅝%)
Effective rate (1.8105) 47⅝% (47⅝%)

NEW YORK

Stock	May 23	May 22
Abbott Labs	31⅞	64
AM International	22⅞	23½
Corning Glass	58	56¾
CPC Int'national	50⅝	51
Crane	30⅞	31
Crocker Nat.	27	27¼
Johns Manville	31¾	32¼
Johnson Johnson	77½	77⅞
Johnson Control	33	33½
Joy Manufacturing	34½	34⅞
Revlon	46¾	47⅜
Reynolds Metals	32¾	33
Reynolds R.J.	60⅞	60⅝
Rich'son Merrell	25	26
Woolworth	20¼	20¼
Wyly	5	5¼
Xerox	52¾	54
Zapata	15⅞	15½
[illegible]		

CANADA

[illegible]

GERMANY ♦

May 23	Price Dm.	+ or −	Div. %	Yld. %
AEG	81.2		—	—
Allianz Versich.	464	−2	18	2.0
BMW	226	−1	28.08	4.0
BASF	137.7	−0.9	18.76	6.9
Bayer	139.2		18.75	6.7
Bayer. Hypo.	279		28.12	5.1
Bayer. Verein-bk.	292 xd	−3	18	3.1
CiboInt. Ned. wrt.	165	−5	—	—
Commerzbank	217.5	+1.0	17	7.8
[illegible]				

TOKYO ¶

May 23	Prices Yen	+ or −	Div. %	Yld. %
Asahi Glass	338		14	2.1
Canon	470	+5	12	1.3
Casio	588	+21	25	2.1
Chinon	348		20	2.9
Dai Nippon Print	535	−5	18	1.7
Fuji Photo	568	+22	15	1.3
Hitachi	239	−1	12	2.5
Honda Motors	570	−1	18	1.6
House Food	1,100		35	1.6
[illegible]				

Source Nikko Securities, Tokyo

AUSTRALIA

May 23	Aust. $	+ or −
ACMIL (25 cents)	0.72	
Acrow Australia	0.81	
Allied Mng. Indg. Inds $1	2.17	−0.02
Ampol Exploration	1.38	+0.03
Ampol Petroleum	0.83	−0.01
Assoc. Minerals	1.20	
Assoc. Pulp Paper $1	1.18	
Assoc. Con. Industries	1.65	
[illegible]		

BRAZIL

May 23	Price Cruz	+ or −	Div. Cruz	Yld. %
Acesita	1.00		0.12	2.00
Banco do Brazil	2.19	+0.01	0.17	7.76
Banco Itau	1.20		0.16	13.33
Belgo Mineira OP	1.97	+0.02	0.12	6.09
Loja Amer. OP	3.23	+0.12	0.20	6.19
Petrobras PP	2.85	−0.02	0.16	5.51
[illegible]				

Securities Rand U.S.$0.71.
(Discount of 38.3%)

AMSTERDAM

[illegible]

BRUSSELS/LUXEMBOURG

[illegible]

SWITZERLAND ♦

[illegible]

PARIS

[illegible]

COPENHAGEN ♣

[illegible]

VIENNA

[illegible]

STOCKHOLM

[illegible]

MILAN

[illegible]

OSLO

[illegible]

JOHANNESBURG

MINES

INDUSTRIALS

[illegible]

SPAIN ♥

[illegible]

FARMING AND RAW MATERIALS

Zaire copper anxiety grows

BY JOHN EDWARDS, COMMODITIES EDITOR

COPPER PRICES moved up again on the London Metal Exchange yesterday as details of the damage done to the Kolwezi mines in Zaire became clearer. Cash wirebars closed £8.5 up at £740.5 a tonne, the highest since July last year.

It is certain that the mines, which produce the bulk of Zaire's copper, will not be able to resume production for at least three months and might be out of action for six months.

There are fears that production might be hit for a longer time by the refusal of technicians and mining experts to return unless adequate security precautions can be provided.

Sozacom, the Zaire state-controlled marketing organisation, is maintaining copper deliveries to customers by using supplies already in the pipeline.

But it seems only a matter of time before supplies from Zaire—one of the world's leading copper exporters—will have to be drastically reduced.

Reuter, reporting from Brussels, quoted Mr. Felicien Noel, a technician at the Gegamines, the Zaire state-owned mining concern, predicting it would take at least six months to resume mining.

He explained there were three types of problems. The mines were flooded, including the large opencast Kamoto mine which produces 260,000 tonnes of copper a year, the rebels made off with all the vehicles of the company and—perhaps most serious—all the technicians have left.

Nearly all the technicians—Belgians, Frenchmen and Italians—are adamant they will not go back to Shaba unless their security is assured, he said.

Another technician said the situation in the plants around Kolwezi, where catalytic tanks and ovens are out of action, will make other plants idle in the Likasi or Lubumbashi area. These use ore from Kolwezi.

Tin prices fell sharply on the Metal Exchange following news that legislation authorising releases of surplus tin from the U.S. stockpile had been approved by the House Armed Services Committee. Cash tin fell £100 to close at £6,370 a tonne. A bill passed by the committee authorises a U.S. contribution of 5,000 tons of stockpile tin to the International Tin Council buffer stock. It authorises direct sales of another 30,000 tons of stockpile tin and establishes a revolving fund for stockpile transactions. Receipts from sales will be used for purchases of other raw materials.

Approval of the bill by the Armed Services Committee is seen as an important step towards the likely release of stockpile tin later this year, which would more than fill the expected deficit of production to estimated demand.

Cobalt price increase imminent

ZAIRE IS virtually certain to raise its cobalt price this week writes John Edwards. It was confirmed yesterday that selling agents for Sozacom, the Zairean state metals marketing organisation, are selling cobalt, at a price to be decided later, while waiting for final confirmation from Zaire.

In Britain, Sogemin confirmed it had withdrawn its U.K. selling price of £8,250 a tonne pending confirmation of a higher price.

The size of the increase is expected to be in line with the rise from $6.85 to $8.50 a pound announced on Monday by Nchanga Mines of Zambia and yesterday by Outokumpu of Finland—a case of the tail wagging the dog since Zaire is by far the world's biggest producer of cobalt, providing more than 50 per cent of supplies.

There is still considerable uncertainty as to how badly cobalt production in Zaire has been affected by the fighting and the flooding of the Kolwezi mines. Most cobalt ore is understood to come from the Kolwezi mines, as a by-product of copper, and the main Luilu refinery with a production capacity of more than 10,000 tonnes annually is nearby.

The other cobalt processing plant, using ore from Kolwezi, is at Likasi. It has a capacity of about 6,000 tonnes a year which is sent to the Olen refinery in Belgium for the manufacture of cobalt powder, salts and oxide.

Although it is believed there are substantial ore stocks at Kolwezi which can be processed into cobalt, lengthy closure of the mines is a severe blow since supplies of cobalt were already becoming scarce before the invasion.

At the beginning of May the Sozacom selling agents started allocating supplies to customers in view of the shortage created by the exhaustion of surplus stocks used up because of a shortfall in Zaire output which was well below production capacity levels.

The bulk of cobalt supplies is sold direct by the producers to consumers at a fixed producer price. But there is residual "free market" run by merchants where the price has soared in recent weeks from $7 to more than $20 a pound.

Our Sheffield correspondent writes: Special steel and magnet manufacturers are watching developments in Zaire with increasing concern as the price and availability of cobalt supplies become difficult.

Cobalt is widely used in the production of various important steel alloys including the creep-resistant alloys essential in the aerospace industry. Magnet production often calls for even larger amounts of cobalt.

At this stage most producers are thought to have adequate strategic stocks. In the case of some alloys non-cobalt alternatives are available.

Pig industry still in doldrums

BY OUR OWN CORRESPONDENT

BRITISH PIG farmers have carried on slaughtering their breeding stock in the first months of the new year. They have kept few young females for breeding, and the industry is showing no signs of expanding, according to figures collected by the Meat and Livestock Commission.

The meat industry's advisory services at the commission say there is evidence that sow culling is beginning to slow down. "But so far there is no evidence that the breeding herd has begun to expand again," it reports in its latest Market Outlook.

"The breeding herd in June may total about 820,000, the same as in December but slightly less than in June 1977."

Pig slaughterings fell 6 per cent in the first three months of the year. This trend is expected to accelerate and continue next year. Output of pig meat this year should be about 8 per cent less than last year.

The main obstacle to expansion in the pig business still appears to be the lack of any improvement in margins. Market prices have improved, but feed and other costs are going up again and overall profitability is not attractive enough to encourage higher production.

Bacon and ham production, too, is expected to fall sharply although increased imports from the Danes and Dutch in particular will ensure there is no shortage of supplies.

Home production of bacon and ham will fall 9 per cent. to 200,000 tonnes, but imports should ensure that overall supplies are not more than 2 per cent. lower than last year.

Looking further ahead, the commission warns that market prices for cattle next year might not be good enough to offset higher costs.

For this year, however, prices are expected to stay above target levels. Beef supplies on the British market this year are forecast at 8 per cent less than last year.

Calf slaughterings have remained low. In the first three months of this year slaughterings fell to 54,000 head. This was 50 per cent. lower than in the same part of last year, and, the commission notes, was the lowest since 1973.

But British calves were still popular with Continental buyers who have been criticised for creaming off the best young beef animals for fattening up in France and Holland as well as pushing up prices.

Brazil frosts reported

RIO DE JANEIRO, May 23.

COFFEE TRADE sources in Parana said there had been light frosts in the lowlands of Curitiba and Ponta Grossa last night but not in the north of the state where coffee is grown, reports Reuter.

Internal sellers were becoming more cautious as winter approached, in expectation of improved markets. But this is normal for the time of the year.

The weather reports encouraged some buying on the London market, however, and the July futures position ended the day £27.5 higher at £1,576.5 a tonne. Earlier July coffee had fallen to £1,525 a tonne reflecting a slacker tone in New York overnight.

Japan to stockpile aluminium

TOKYO, May 23

The Japanese Trade Industry Ministry said it would soon start buying 12,440 tonnes of primary aluminium from five Japanese smelters for an official stockpile designed to help the industry out of recession.

Buying would start next month through the semi-official Light Metal Stockpiling association, which already holds 9,570 tonnes bought in 1976, the Ministry said.

The new purchase price of Y289,200 a tonne was less than the Y310,000 paid under previous stockpiling contracts.

The new buying price was based on Alcan aluminium's price of 51 U.S. cents a pound, the stockpiling association said.

Meanwhile it was reported that China wants to buy an aluminium refinery with an annual capacity of about 80,000 tonnes of primary aluminium from Japan.

Industry sources said five aluminium smelters had sent experts to China for technical discussions.

This will be followed by negotiations between Chinese authorities and the Japanese aluminium smelters, Reuter

China plans grain land reclamation

By Our Own Correspondent

PEKING, May 22.

China's decision to increase annual grain production from the present 260m to 400m tonnes by 1985 means farmers will need more land. So China plans to manufacture it.

The Government has announced plans to reclaim more than 13.33m hectares in the next eight years from sea coasts, lakeshores and border wasteland.

The plan will increase China's farmland by one-eighth. Grain output of the new land will be enough to supply the nation's main cities.

An editorial in the People's Daily yesterday said the responsibility for the reclamation would be with local authorities and communes.

The work would start immediately in areas where surveys had been completed, the editorial said.

Sydney Morning Herald

ACP-EEC SUGAR PRICE TALKS

Cane producers seek substantial rise

BY MARGARET VAN HATTEM IN BRUSSELS

MINISTERS FROM the African, Caribbean and Pacific countries party to the Lomé convention will meet Mr. Finn Gundelach, the EEC agricultural commissioner here today for talks on the guaranteed price their producers will be paid for cane sugar exports to the Community in 1978-79.

Both sides are keeping their cards close to their chests—the EEC negotiating mandate, agreed last Thursday, is one of the few well-kept secrets in Brussels.

But the Community's current exportable sugar surplus at 3m tonnes, another 3.3m tonnes expected from this year's crop, and with world sugar prices about £100 a tonne compared with £650 four years ago, the EEC is likely to drive a hard bargain.

About two-thirds of ACP sugar exports go to the EEC. Under the sugar protocol of the Lomé Convention ACP sugar can be sold freely on Community markets, but the EEC is committed to taking at least 1.2m tonnes at a guaranteed price, which must be "within the price range obtaining in the Community."

The level of this price and the period over which it is to be backdated, will be the crucial issue in today's talks.

Last year the guarantee was set at the minimum allowable under the sugar protocol. Since the EEC has just awarded its own sugar producers a 2 per cent rise in the annual farm price review, a parallel increase is indicated for the ACP producers. But given the heavy cost to the Community budget of subsidising sugar exports—often more than the cost of the sugar itself since EEC prices are often more than double world prices—the Commission negotiators will be extremely reluctant to offer much more than this.

The ACP states have already indicated that they intend to press for substantially more, though they have not specified a figure. This much was made clear here last month at perliminary talks at ambassadorial level.

The ACP ambassadors based their case on rising production costs and sharply hilghe freight rates. These, say EEC officials, are irrelevant since the guarantee price applies to unpacked sugar delivered at Community ports. But since the Lome Convention was designed to give ACP producers a fair deal, it might be politically unwise to ignore the ACP arguments.

Moreover the ACP negotiators are sure to point out that the Commission was prepared to make concessions to its own producerson the question of the quota eligibl e for export subsidies during the farm price talks. The Commission had proposed that the "B" quota (which gets smaller refunds than the "A" quota) be cut from 35 per cent. to 20 per cent. of the "A" quota—but had to settle for 27.5 percent.

The Commission might attempt a solution similar to that reached last year when ACP producers were awarded a 2 per cent. increase in the guaranteed price but got an effective 6 per cent. rise as a result of commitments from Tate and Lyle, the U.K. sugar refiner which processes most of the imported cane raws.

About 90 per cent. of the ACP sugar crop goes to Britain and is handled by Tate and Lyle.

The question of retroactivity is likely to prove a sticking point. In theory the prices apply from the start of the marketing year on July 1. Both sides agreed previously to "stop the clock" on April 21 so the price could be fixed by, or backdated to, May 1 at the latest. This would be a concession mainly to Caribbean producers, whose marketing year starts six weeks before that of the Community.

This is the first year that the sugar talks have not started by May 1, largely due to difficulties in reaching agreement in the EEC's own farm price talks. But in any case the Community is believed to be set against allowing any backdating. It is suggested that the only concession to the ACP countries will involve storage charges.

But the fact that the ACP states have decided to send their Ministers to the talks, instead of being represented by their ambassadors, indicates that they will not take the EEC arguments lying down.

Steadier world market forecast

BY OUR COMMODITIES STAFF

ROME, May 23.

SLOWING EXPANSION of demand, declining imports by developed countries and increasing competition from maize sweeteners could slow growth in world sugar production and trade, according to the UN Food and Agriculture Organisation.

Projections by the organisation's experts point to the possibility of a less volatile sugar market than the boom-and-bust market of recent years.

Several years of tight supplies in the early 1970s sent sugar prices to record highs in 1975, only to be followed by bumper crops which sent prices tumbling. Current prices are still below the 11 cent a pound International Sugar Agreement minimum.

Sugar stocking and export restraints required by the agreement, and a gradual reduction in current world carryover stocks, which are currently 28m tonnes, might eventually pull prices up, the FAO report says. But a number of market forces could limit the expected rise.

These include the current surplus, a slowdown in sugar demand and trade, and competion from high fructose corn syrup.

Reviewing longer term trends, the organisation found that world sugar demand has been increasing, but at an ever-slower rate, in recent decades. This slow-down is expected to continue. World demand for sugar will increase from 78m tons in 1972-74 to 102m tons in 1985, representing annual growth of only 2.3 per cent.

Little of this increase is expected to accrue to developed countries. U.S., Canadian, EEC, and Japanese consumers are expected to use more high fructose maize syrup. The organisation expects these countries will use at least 3.36m tons of the new liquid sweetener by 1985, displacing the equivalent of 2.6m tons of sugar.

Sugar demand in developing countries might rise 4 per cent a year because of fast population growth and a rise in the level of individual sugar use in keeping with rising incomes. Sugar demand is also rising rapidly in Eastern Europe and the Soviet Union.

World sugar production is projected to rise from 82m tons in 1976 to 103m tons by 1985, or by 2.6 per cent a year.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Higher again in active trading on the London Metal Exchange. As more details of the damage done to the Zaire copper mines became known short covering and speculative buying lifted forward material from £754 to £765 on the pre-market. However, at this level profit-taking and hedge selling pared the price to £760. Fresh buying then took values up again but a lower than expected opening on Comex caused forward metal to fall back to £760 prior to closing on the kerb at £761.5. Turnover 13,075 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	740.5-1	+7.25	740-1	+8.5
3 months	761-2	+7.25	760.5-1	+8.5
Settlem't	741	+7	—	......
Cathodes				
Cash	733-.5	+6.5	732 3	+7
3 months	753-.5	+6.5	752.5-3	+7.25
Settlem't	733.5	+6.5	—	......
U.S. Prod.	-	......	64	......

Morning: Wirebars Cash £741, three months £764, 63.5, 63, 62, 61, 60, 60.5, 61, 61.5. Cathodes, cash £733, three months £754. Kerb: Wirebars, cash £740.5, three months £761.5, 61, 60.5. Afternoon: Wirebars, three months £760, 60.5, 60, 59.5, 60, 60.5. Kerb: Wirebars, three months £762, 61.5, 61, 61.5, 62.

TIN—Lost ground. After opening barely changed at £6,420 owing to a firmer Penang price and the general trend in other base-metals forward metal eased to £6,390 reflecting the lack of any physical interest. In the afternoon rumours of further news of the GSA stockpile sales and contributions to the ITC prompted hedge selling and stop-loss selling with the price falling to £6,340. Confirmation of the ITC contribution rumours that the Bill has passed a further stage saw forward metal [illegible] a rally on the kerb [illegible] close at £6,[illegible]

[illegible]

COCOA

Prices remained under pressure throughout the day with producer selling overhanging the market, reports Gill and Duffus.

[illegible]

COFFEE

[illegible]

SILVER

[illegible]

GRAINS

[illegible]

RUBBER

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

WOOL FUTURES

[illegible]

COTTON

[illegible]

MEAT/VEGETABLES

SMITHFIELD (pence a pound)—Beef: Scotch killed sides 54.0 to 57.0: English hindquarters 72.0 to 74.0, forequarters 37.0 to 40.0: Eire hindquarters 70.0 to 73.0, forequarters 37.0 to 40.0.

[illegible] 0.13-0.15. Pears—S. African: Cartons, Packham's Triumph 8.00, Beurre Bosc 7.50, Winter Nelis 7.50; Belgian: Conference 0.13-0.15. Peaches—Spanish: E's 1.80-2.00, D's 2.00, C's 2.80. Grapes—S. African: Almeria 8.50, Barlinka 8.50, Golden Hill 8.50: Chilean: 5 kilos, Almeria 6.30. Apricots—Spanish: 5 kilos 2.00-3.00. Bananas—Jamaican: Per pound 0.15. Avocados—Kenya: Fuerte 14/24s 4.00-4.20: S. African: Fuerte 4.00-4.20. Strawberries—Californian: 1.00; Italian: 0.30: Spanish: 0.35-0.40. Onions—Chilean: Cases 4.00-4.50: Canary: 4.40-4.50: Dutch: 2.80-3.00; Israeli: 4.30-4.50; Texas: 4.30-4.40. Capsicums—Spanish: Per pound 0.20: Canary: 0.20. Potatoes—Canary: 4.30: Egyptian: 3.50-4.70: Cyprus: 4.65: Jersey: 22-lb 0.20: Valencia: 4.50-4.80: Majorca: 5.30-5.40. Tomatoes—Dutch: 3.40-3.60. Carrots—Cyprus: 1.50: French: 22-lb netts 0.80. Nantes 26-lb boxes 2.50. Asparagus—Californian: Per pound 0.90-1.00. Broad Beans—French: Per pound 0.16.

English Produce: Potatoes—Per 56-lb, White/Red 2.20-2.50. Lettuce—Per 12 1.80, Cos 2.00. Beetroot—Per 28-lb 3.20. Carrots—Per bag 0.60-1.30. Parsnips—Per 28-lb 1.00-1.10. Onions—Per 56-lb 2.80-3.20. Rhubarb—Per pound, outdoor 0.05. Cucumbers—Per tray 12/24s 2.00-3.60. Mushrooms—Per pound 0.30-0.50. Apples—Per pound Bramley's 0.11-0.20. Tomatoes—Per 12-lb English 3.20-3.40. Greens—Per crate, Kent 0.80. Cauliflowers—Per 12 Lincoln 1.30, Kent 1.50-2.20. Celery—Per 12/18 3.60-4.50. Asparagus—Per bundle approx. 2-lb 1.20-1.50.

Use of maize in UK feed declines

By Our Own Correspondent

BRITISH MAKERS of animal feed cut their purchases of costly imported maize by almost a half in the first three months of the year. They used more home-grown wheat and other substitutes, topping up the feed value of the mixtures with extra oilseed meal.

Production of feed was 7 per cent lower than in the same period last year. Demand for poultry rations was higher.

PRICE CHANGES

Prices per tonne unless otherwise stated.

	May 23 1978	+ or —	Month ago
[illegible]			
No 2 Hard Winter	‡	......	
English Milling	£102	......	£102
Cocoa Shipment	£1,828	......	£2,118.5
Future July	£1,787.5	—8.75	£1,998.5
Coffee Future			
July	£1,576	—27.5	£1,354
Cotton 'A' Index	71.2c	—0.15	69.5c
Rubber kilo	56.1	+1.0	51.5
Sugar (Raw)	£101	+1.0	£105
Wooltops 64s kilo	280p	......	277p

* Nominal. ‡ Unquoted. p May-June. ‡ May-Aug. u June. b April-June. w July y May-July. z June-July. x Per ton.

FINANCIAL TIMES

May 23	May 22	Month ago	Year ago
248.20	246.10	238.72	270.65

(Base: July 1, 1952=100)

REUTER'S

May 23	May 22	Month ago	Year ago
1486.9	1482.0	1452.9	1661.9

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	May 23	May 22	Month ago	Year ago
Spot	356.85	358.85	360.51	426.51
Futures	354.71	352.32	360.23	398.77

(Average 1924-25-26=100)

MOODY'S

Moody's	May 23	May 22	Month ago	Year ago
Spie Commty	921.9	921.6	895.0	959.5

(December 31, 1931=100)

JUTE

DUNDEE JUTE—Quiet. Prices c and f UK for May-June shipment: BWC £290, BWD £232. Tossa BTB £302, BTC £292, BTD £284. Calcutta goods easier. Quotations c and f UK for May shipment 10-oz 40-inch £9.58, 7½-oz £7.56 per 100 yards. June £9.58, £7.54, July-Sept. £9.53, £7.52. B twills £26.28, £26.50 and £26.80 for the respective shipment periods. Yarn and cloth very firm.

U.S. Markets

Gold price steady; copper up

NEW YORK, May 23.

GOLD held very steady on local buying in anticipation of a constructive price on the U.S. gold auction today. Silver closed higher in sympathy with gold. Copper finished barely higher as speculative profit-taking weighed on the market. Cocoa eased on light arbitrage and commission house selling.

Cocoa—July 135.25 (136.50), Sept. 131.95 (133.40), Dec. 127.80, March 125.25, May 123.25, July 121.25, Sept. unquoted. Sales: 800 lots.

Coffee—"C" Contract May 179.00 (173.15), July 163.20-163.25 (161.85), Sept. 153.75, Dec. 146.00, March 137.50-139.00, May 133.00-136.00, July 131.00, Sept. 127.00-129.00: Sales: 570 lots.

Copper—May 61.90 (61.80), June 62.00 (61.90), July 62.60, Sept. 63.70, Dec. 65.30, [illegible]

[illegible]

STOCK EXCHANGE REPORT

Re-activation of long tap stabilises Gilt market

Equities subsequently overshadowed and early gains pared

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
May 15	May 25	May 26	Jun. 7
May 30	Jun. 8	Jun. 9	Jun. 20
Jun. 12	Jun. 22	Jun. 23	July 4

* " New time " dealings may take place from 9.30 a.m. two business days earlier.

Renewed early enthusiasm for the industrial leaders was soon overtaken by events in the Gilt-edged market yesterday when the Government broker took the surprising action of re-activating the long tap at a price 1¾ points below his last selling level. This development immediately lent support to sentiment which has recently been strained by money stock and other economic/financial worries.

Leading equities experienced a revival of institutional inquiry in the opening minutes of business and, although the demand was relatively modest, prices were apt to respond rather quickly, illustrated by the 4.5 rise in the first, 10 am, calculation of the FT 30-share index.

Thereafter, the funds became the main topic of conversation and interest in equities faded progressively pending trading statements from BOC International (interim today) and from Imperial Chemical Industries, Courtaulds and Beecham tomorrow. The two last-named are due to report preliminary results, while ICI has first-quarter figures scheduled.

The effects of the later inactivity—official bargains totalled 4,953 as against 5,885 a week ago—were illustrated by the gradual erosion of the early rise in the index which was finally only a net 1.8 higher at 470.6. Scattered highlights were provided by companies making trading announcements, while a feature after the official close was the Tenneco offer for the shares of Albright and Wilson not already held.

Long tap surprise

The authorities' action in re-activating the long tap lower down was a remedial move for British Funds. Recently weak on doubts about the Government's ability to fund following dismal money supply trends, the market took heart from the surprise decision to sell supplies of the tap Exchequer 12 per cent 1998 (£65-paid) at 63½, or 1⅜ beneath the level established only a week ago. The price of 63¼ was later withdrawn and a limited amount was subsequently sold at 63⅜ as the tone of the market improved. The shorts especially enjoyed busier conditions, presumably on the hope that the price of the tap at this end could also be reduced, but finally lost impetus and settled with recoveries extending to ⅛, after ¼. Similar movements were recorded in medium and longer-dated issues at the close. Corporations followed in the wake, staging improvements ranging to ⅜ and recently issued Fixed Interest stocks were also better.

Infrequent price changes in Traded Options rarely exceeded a penny, but the BP 900 series provided strong exceptions with July 6 better at 28p, October 10 up at 53p and January 8 firmer at 74p. Business fell away further to a total of 307 contracts. Courtaulds attracted 142 deals followed up by ICI and Land Securities with 47 apiece.

A fairly well-balanced two-way business in the investment currency market restricted the premium to a narrow range and the close was a net ¼ harder at 111¾ per cent. The conversion factor was 0.6782 (0.6789).

Home Banks better

A dull market of late on fears that the Bank of England may reimpose corset restrictions on bank lending, the major clearing Banks staged a useful rally yesterday. Quotations opened higher and continued to make progress following the announcement that NatWest's personal and other loan interest rates are to be raised by one per cent from today. Closing levels were around the best of the day: NatWest ended 8 dearer at 276p and Midland gained 6 to 360p, while Barclays and Lloyds both finished 5 to the good at 340p and 275p respectively. Bank of Scotland also firmed 5, to 290p. Australian issues picked up with National Bank of Australasia 6 better at 232p and ANZ 4 harder at 294p. Among Merchant banks, Keyser Ullmann held at 46p in front of today's preliminary results.

Insurances plotted an irregular course in thin trading. In front of today's first-quarter figures, Phoenix softened 2 to 256p. Sun Alliance added 4 at 534p, after 538p, as did C. E. Heath, to 290p.

Breweries edged higher in light trading. Greene King rose 4 to 252p, while Allied, 89p, and Bass Charrington, 163p, put on 2 apiece. Greenall Whitley, at 115p, regained 3 of the previous day's fall of 5 which followed the agreed bid for James Shipstone. Elsewhere, Highland improved 4 to 140p.

Buildings had a quiet session in which AP Cement moved to 255p in early dealings on the go-ahead for a 5 per cent. increase in its prices before ending only a penny higher on balance at 249p. Late demand left Tilbury Contracting 8 dearer at 282p, but other Contracting and Construction issues closed with only marginal improvements. Pochins rose 14 to 141p on buying interest in a thin market, while Wettern Bros. put on 4 to 61p ahead of Friday's preliminary figures. Press comment prompted a modest improvement in J.B. Holdings to 68½p, but Manders eased 2 to 84p after the chairman's remarks.

Dealings in Albright and Wilson were suspended late at 123p pending the announcement of the Tenneco bid of 165p per share for the equity not already owned. Despite the chairman's optimistic remarks, Fisons eased 8 to 362p, while a contrasting statement from the chairman of Laporte the previous day left the shares 3 lower at 102p. ICI moved higher to 376p on upgraded profit expectations for the first quarter, due to be announced tomorrow, but eased later to close just a penny better on balance at 373p. Elsewhere, Crystalate eased a penny to 27p, but Stewart Plastics found further support in a thin market to firm 4 to 150p.

K featured Shoes with a rise of 5 to 65p in response to the nearly doubled first-half profits. Leading Stores failed to attract business and closed without much alteration. Elsewhere, Vernon Fashion encountered profit-taking and shed 5 to 137p but Helene of London edged forward a fraction to 18p following the chairman's confident remarks about future *prospects*.

Philips' Lamps figured prominently in Electricals, rising 46 to 918p on renewed investment demand. Louis Newmark were supported at 178p, up 8, while other firm spots included MK Electric, 4 better at 184p, and Decca, 5 to the good at 460p.

John Brown continued to make progress in Engineers, fresh investment and speculative support ahead of forthcoming annual results enabling the price to record a 1978 high of 360p before closing at 4 dearer on balance at 364p. GKN hardened 3 to 264p following Press comment and Hawker closed 2 up at 214p. Vickers, on the other hand, touched a 1978 low of 169p before closing unaltered at 171p with sentiment unsettled by the chairman's disclosure in the annual report that the group is cutting projected capital spending for 1978 from £30m to around £20m because of delays in nationalisation compensation payments. Elsewhere, publicity given to a broker's adverse circular prompted Renold to ease 3 to 129p, but Press comment following the previous day's speculative gain of 4 left Victor Products 2 harder at 130p. M. L. Holdings picked up 4 to 114p and W. G. Allen, in which Brockhouse has recently acquired a 14.8 per cent. stake, hardened 2 to 56p.

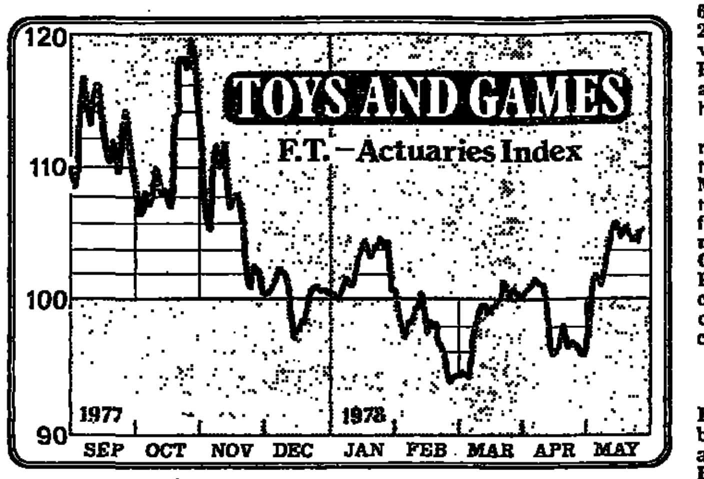
Foods had the occasional modest gain. Wheatsheaf Distribution rose 6 to 193p in sympathy with an improvement of 2 to 130p in bidders Linfood: the latter's offer is not to be referred to the Monopolies Commission, has been declared unconditional and extended until June 6. RHM edged forward a penny to a 1978 peak of 54½p, while gains of 3 were seen in Associated Biscuit, 81p, and Robertson Foods, 150p. William Morrison, which were quoted ex the scrip issue on Monday, rose 3 to 78p.

Miscellaneous Industrial leaders reacted after a firm start to close mixed. Investment demand ahead of the preliminary figures due on June 16 helped Pilkington improve 6 to 476p, after 477p, while *comment ahead of tomorrow's annual* figures left Beecham up a penny at 656p, after 660p. Metal Box picked up 4 at 304p and Glaxo hardened 3 to 583p, after 585p, but nervous small offerings in front of today's interim results prompted a reaction of 1½ to 73p in *BOC International*. Elsewhere, Redfearn National Glass were prominent at 298p, up 13, in response to the higher first-half earnings and accompanying encouraging statement concerning second-half prospects. Higher annual profits and the proposed one-for-three scrip-issue left Leisure Caravan Parks 4 higher at 120p, while Hunting Associates gained 5 to 235p, also following a favourable trading statement. Buying ahead of tomorrow's results led to a rise of 2½ to 22½p in William Press and William Baird, at 180p, recorded a Press-inspired improvement of 6. A firm market of late on the sale to Black and Edgington of its Gailey Caravan Group subsidiary, interest revived in J. F. Nash Securities which moved forward 7 to 115p, while Coral Leisure, at 108p, retrieved the previous day's loss of 5 which followed a week-end Press report stating the casino revenue is on the decline.

Commercial Vehicles provided contrasting features in Plaxton's (Scarborough), 4 better at 75p on the substantially increased first-half profits, and York Trailer, which fell to 61p on selling by short-term holders following the profits warning contained in the interim report before closing 3 cheaper on balance at 64p. Other Motor issues were quiet and little changed. Turner Manufacturing were suspended at 124p at the company's request pending an announcement.

Thomson eased 10 to 248p in late dealings on Monday and traded at the lower level throughout the session. Elsewhere, United Newspapers improved 6 to 356p in after-hours dealings. Still reflecting satisfaction with the capital reorganisation proposals, W. N. Sharpe improved 5 more to 205p. In Paper/Printings, Wace Group firmed 3 to 48p, after 50p, following the annual results and 30 per cent scrip issue. Despite lower annual profits, Transparent Paper held steady at 66p. McCorquodale put on 5 to 267p on buying ahead of the half-yearly statement due June 7 while Finlas found renewed support and, in a thin market, closed 4 higher at 115p.

Leading Properties performed reasonably well in an improved trade. Land Securities, 208p, and MEPC, 124p, both closed 3 better, the latter ahead of the interim figures due to-day. English Property added a penny to 37½p and Great Portland 6 to 292p, while Peachey firmed 3 to 81p encouraged by the near-completion of the sale of the Park West complex.



Siebens UK erratic

Oils were again quiet, but British Petroleum improved 10 to be 886p on Wall Street advices and Shell firmed 4 to 558p. Burmah however, became an early active feature on Canadian buying and Press comment and closed 2 higher at 70p, after 71p. Ultramar, 3p at 281p, traded quietly ahead of quarterly figures due today, *while higher first-quarter profits* left Tricentrol 6 better at 184p. Oil Exploration firmed 12 to 246p on small buying, while Siebens UK touched 424p in volatile trading before closing 12 higher on balance at 406p: the announcement of an oil discovery east of the Shetland Islands by Chevron, in which Siebens has a 40 per cent stake, came well after market hours.

United City Merchants came on offer, the ordinary and 10 per cent loan both losing 4 apiece at the common level of 66p on fading bid hopes. Dealings were resumed in St. Kitts (London Sugar) at 195p compared with the latest mark of 170p following the agreed bid of 200p cash per share from the Australian company Industrial Equity Ltd.

Investment Trusts adopted no set pattern. Rights and Issues Capital hardened 2 to 29p, while Clydesdale Investment B, 75p, and Stanhope General, 104p, put on 4 apiece. Camellia Investments, a speculative favourite of late, gave up 4 at 246p.

Australians rally

After losing ground in early dealings following profit-taking in overnight Sydney and Melbourne markets, Australians staged a good recovery in the late trade. Buying was mainly centred on the base-metal producers following the further rise in metal prices on the London Metal Exchange.

MIM Holdings were finally 2 better at 204p, after being 199p in early dealings, while Bougainville closed a similar amount higher at a 1978 high of 120p, after 117.

Among the more speculative issues, Northern Mining featured with an advance of 13 to a peak 93p reflecting the company's 5 per cent holding in the Ashton joint venture which is exploring for diamonds in the Kimberly region of Western Australia. On the other hand, Conzinc Riotinto, the major participant in the joint venture, eased 2 to 228p.

Other speculative stocks to move ahead included Geometals, which rose 4 to 14p, following the company's embarkation on a A$100,000 exploration programme aimed at finding an extension of Kalgoorlie's Golden Mile.

South African Golds also came to life after a dull start. Prices tended to drift in early trading despite the firmness of the bullion price, which was finally $1.75 higher at $181.125 per ounce.

However, as news of the bids for the U.S. Treasury's gold auction filtered through, buying orders, particularly from the U.S., enabled prices to pick up.

The buying interest, however, was mainly confined to the high-quality issues and the Gold Mines index, down 0.1 at 155.1, reflected the overall state of the section.

In the heavyweights, West Driefontein were particularly sought and closed a half-point higher at a 1978 high of £21¼, while rises of ¼ were common to both Hartebeest, £13¼ and Western Holdings, £17¼.

Financials were generally subdued. In South Africans, UC Investments rallied in the late trade to close 4 higher on balance at 208p, after 201p, while De Beers fell 4 to 352p.

Among London-domiciled issues, Rio Tinto-Zinc responded to the continuing firmness of the copper price following the Zaire fighting and the shares put on 3 to 214p in front of today's annual meeting.

Other copper shares to register sharp gains were Messina, 9 better at 89p, and Minorco, 7 to the good at a 1978 high of 168p.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	78	—	6
Corpns., Dom. and Foreign Bonds	25	2	38
Industrials	359	226	963
Financial and Prop.	177	54	288
Oils	10	8	16
Plantations	6	10	16
Mines	31	44	48
Recent Issues	5	2	15
Totals	683	346	1,390

FINANCIAL TIMES STOCK INDICES

—	May 23	May 22	May 19	May 18	May 17	May 16	A year ago
Government Secs.	70.39	70.19	70.46	70.97	71.12	71.14	70.61
Fixed Interest	71.97	71.74	71.99	72.32	72.30	72.40	71.14
Industrial Ordinary	470.6	468.8	470.6	480.9	480.3	481.6	472.2
Gold Mines	155.1	155.2	153.2	151.0	150.6	151.3	102.1
Ord. Div. Yield	5.59	5.63	5.61	5.50	5.51	5.52	4.98
Earnings Y'ld%(full)(*)	16.98	17.04	17.02	16.68	16.73	16.75	15.12
P/E Ratio (net)(*†)	7.88	7.85	7.86	8.02	8.00	7.99	9.87
Dealings marked	4,953	5,240	5,545	4,795	5,707	5,885	5,989
Equity turnover £m	—	62.46	95.35	86.28	73.59	87.60	99.45
Equity bargains total	—	14,083	15,054	16,845	16,261	17,935	17,645

10 a.m. 473.3. 11 a.m. 472.8. Noon 472.0. 1 p.m. 471.7.
2 p.m. 471.3. 3 p.m. 471.2.
Latest Index 01-246 8026.
* Based on 52 per cent. corporation tax. † Nil=7.74.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

—	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (5/1)	70.19 (22/5)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (9/1)	71.74 (22/5)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	497.3 (6/1)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	168.6 (8/5)	130.3 (6/3)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	May 23	May 22
—Daily		
Gilt-Edged	160.4	171.6
Industries	175.2	188.2
Speculative	39.7	37.8
Totals	112.7	119.3
5-day Av'rage		
Gilt-Edged	152.8	164.1
Industrials	189.5	197.8
Speculative	38.6	41.0
Totals	119.9	124.2

OPTIONS

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
May 23	Jun. 6	Aug. 17	Aug. 30
Jun. 7	Jun. 20	Aug. 31	Sep. 14
Jun. 20	July 4	Sep. 14	Sep. 28

For rate indications see end of Share Information Service

Stock favoured for the call included Dunlop, BP, Heron Motor, Bryant, Burmah Oil, P & O Deferred, Mount Charlotte Investments, Ladbroke Warrants, Williams and James, Queen's Moat Houses, Marks and Spencer, Eagle Star, L. and J. Hyman, Letraset, British Syphon, Cons. Gold Fields, Fodens, BSG International, Vickers and UDT. A put was done in Dixon's Photographic, while doubles were arranged in Heron Motor, Lofs, Queen's Moat Houses, English Property, Ladbroke Warrants and Burmah Oil. A short-dated call was transacted in Polymark.

NEW HIGHS AND LOWS FOR 1978

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

NEW HIGHS (107)

AMERICANS (14)
BANKS (1)
BEERS (2)
BUILDINGS (7)
CHEMICALS (2)
DRAPERY & STORES (3)
ELECTRICALS (2)
ENGINEERING (6)
FOODS (3)
HOTELS (1)
INDUSTRIALS (26)
MOTORS (5)
NEWSPAPERS (2)
PAPER & PRINTING (6)
SHOES (1)
TEXTILES (5)
TRUSTS (8)
OILS (3)
OVERSEAS TRADERS (1)
TEAS (1)
MINES (8)

NEW LOWS (9)

CORPORATION LOANS (1)
Birmingham 9 pc '79-81
ELECTRICALS (2)
Bowthorpe Philips Finance 5½pc
ENGINEERING (3)
Danks Gowerton Vickers
Green's Economiser
INDUSTRIALS (1)
Viners
PROPERTY (1)
Utd. Real Prop.
TRUSTS (1)
Archimedes Inc.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
Shell Transport	25p	13	558	+4	586	484
BP	£1	12	886	+10	892	720
Marks & Spencer	25p	11	135	—	160	135
Burmah Oil	£1	10	70	+2	70	42
ICI	£1	10	373	+1	376	328
BATs Defd.	25p	9	293	—	296	227
GUS "A"	25p	8	274	—	312	256
Barclays Bank	£1	7	340	+5	358	296
Beecham	25p	7	656	+1	678	583
Coral Leisure	10p	7	108	+5	144	101
GEC	25p	7	253	—	278	233
Grand Met.	50p	7	112	+1	116	87
Imperial Group	25p	7	78½	+½	81	71½
Distillers	50p	6	178	—	187	163
Lucas Inds.	£1	6	301	−1	318	240

LONDON TRADED OPTIONS

Option	Ex'rcise price	July Closing offer	July Vol.	October Closing offer	October Vol.	January Closing offer	January Vol.	Equity close
BP	750	150	—	163	—	185	—	884p
BP	800	103	—	120	—	140	5	
BP	850	60	—	82	—	105	5	
BP	900	28	3	53	5	74	10	
Com. Union	140	14½	—	20	—	21½	—	146p
Com. Union	160	4½	5	10	—	13½	7	
Cons. Gold	160	18½	18	26½	—	31½	2	173p
Cons. Gold	180	7	6	15½	—	20½	5	
Courtaulds	100	22	—	25	—	29	—	122p
Courtaulds	110	14	22	16½	35	24½	—	
Courtaulds	120	8	—	11½	16	16	1	
Courtaulds	130	5½	33	8½	—	11	4	
GEC	220	40½	—	46	—	55	—	254p
GEC	240	24	—	33	—	39	—	
GEC	260	11½	9	21½	—	27	2	
Grand Met.	100	16	—	19½	—	22	—	112p
Grand Met.	110	8½	5	13	2	16½	2	
Grand Met.	120	3	—	8	—	11½	5	
ICI	330	49	—	52½	—	62	—	373p
ICI	360	24	2	35	—	43	—	
ICI	390	8½	28	17½	3	25	13	
Land Secs.	180	31	—	33	—	37	5	206p
Land Secs.	200	14½	10	19½	1	25	5	
Land Secs.	220	5	6	11	7	15½	14	
Marks & Sp.	120	17	—	22	—	25	—	135p
Marks & Sp.	140	6½	1	11½	20	15	5	
Marks & Sp.	160	1½	—	5	—	—	—	
Shell	500	58	—	67	—	103	—	555p
Shell	550	25	—	55	—	60	—	
Shell	600	11½	12	21	—	32	—	
Totals			201		129		76	

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P.E. Ratio
—	—	—	—	—	NIL	—	—	—	—	—	—

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. d Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. q Gross. † Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. †† Minimum tender price. ‡‡ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former Preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tues., May 23, 1978 Index No.	Day's Change %	Est. Earnings Yield% (Max.) Corp. Tax 52%	Gross Div. Yield% (ACT at 34%)	Est. P/E Ratio (Net.) Corp. Tax 52%	Mon. May 22 Index No.	Fri. May 19 Index No.	Thurs May 18 Index No.	Wed. May 17 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (171)	211.16	+0.3	17.81	5.65	7.82	210.47	211.50	214.92	213.89	184.77
2	Building Materials (28)	189.40	+0.3	18.13	5.74	7.90	188.77	190.34	192.84	191.46	154.06
3	Contracting, Construction (36)	339.17	+0.3	19.89	4.00	7.27	338.05	341.48	343.90	343.95	257.03
4	Electricals (15)	441.33	+0.2	15.50	4.02	9.14	440.64	441.00	451.72	446.35	361.01
5	Engineering Contractors (14)	316.91	+0.4	18.44	6.43	7.34	315.79	318.93	323.76	322.85	252.08
6	Mechanical Engineering (71)	170.48	+0.3	19.00	6.16	7.14	169.94	170.31	172.61	172.41	168.15
8	Metals and Metal Forming (17)	164.87	+0.6	17.37	8.50	7.86	163.82	165.09	168.05	167.98	155.19
11	CONSUMER GOODS (DURABLE) (52)	193.20	—	17.47	4.93	8.12	193.29	194.17	198.06	196.99	168.33
12	Lt. Electronics, Radio TV (15)	224.55	+0.2	15.60	3.85	9.04	224.10	225.78	231.56	230.08	185.68
13	*Household Goods (12)*	175.63	−0.4	16.39	6.42	8.38	176.37	176.13	176.53	176.38	166.24
14	Motors and Distributors (25)	124.26	−0.3	20.46	6.18	7.02	124.65	124.86	126.86	126.22	114.25
21	CONSUMER GOODS (NON-DURABLE) (173)	200.31	+0.3	16.17	5.86	8.37	199.73	201.45	205.09	205.39	174.45
22	Breweries (14)	234.36	+1.0	14.38	5.73	9.99	232.14	236.43	240.45	240.57	182.14
23	Wines and Spirits (6)	255.06	+0.1	15.86	5.65	9.56	254.73	257.08	262.37	262.37	204.14
24	Entertainment, Catering (17)	256.06	+0.8	13.77	6.66	10.51	253.96	258.46	263.40	262.73	222.80
25	Food Manufacturing (22)	191.10	+0.7	20.39	5.81	6.49	189.73	191.85	193.68	192.69	178.20
26	Food Retailing (15)	197.84	+0.3	14.36	4.80	9.60	197.28	198.73	201.57	198.98	175.19
32	Newspapers, Publishing (13)	368.98	−2.2	10.72	3.36	13.37	377.22	378.30	390.32	391.43	295.57
33	Packaging and Paper (15)	127.34	+0.2	20.50	9.33	6.91	127.11	128.11	130.29	130.18	123.00
34	Stores (39)	177.53	—	11.86	4.57	12.37	177.54	177.66	183.02	186.30	149.27
35	Textiles (25)	181.79	+0.3	20.64	7.41	5.91	181.24	182.37	184.56	183.28	171.42
36	Tobaccos (3)	257.74	+0.2	21.45	7.26	5.54	257.16	260.20	261.18	258.70	239.65
37	Toys and Games (6)	105.53	+1.2	20.05	5.92	6.52	104.25	104.69	105.52	105.18	96.38
41	OTHER GROUPS (97)	195.84	+0.2	16.36	5.79	8.05	195.42	195.75	198.68	195.74	184.90
42	Chemicals (19)	271.41	—	18.52	6.39	7.35	271.42	271.62	275.24	267.62	255.43
43	Pharmaceutical Products (7)	259.30	+0.2	11.15	3.93	11.21	258.67	259.73	262.00	260.08	0.00
44	Office Equipment (6)	137.26	+0.5	17.80	4.71	6.65	136.62	135.50	137.14	135.35	108.57
45	Shipping (10)	431.34	+1.6	18.39	7.30	6.69	424.67	424.26	434.54	432.23	535.21
46	Miscellaneous (55)	204.35	+0.1	16.75	6.30	8.10	204.15	204.93	208.97	207.26	182.97
49	INDUSTRIAL GROUP (495)	208.20	+0.3	16.70	5.73	8.13	207.67	208.85	212.39	211.41	185.60
51	Oils (5)	498.64	+1.0	14.80	3.96	7.33	493.78	495.22	498.07	501.37	513.19
59	500 SHARE INDEX	232.15	+0.4	16.41	5.45	8.00	231.30	232.51	236.05	235.37	211.99
61	FINANCIAL GROUP (100)	165.09	+0.9	—	5.60	—	163.63	164.79	168.21	168.08	142.75
62	Banks (6)	192.49	+1.9	24.59	5.60	6.16	188.98	191.68	198.04	199.26	156.60
63	Discount Houses (10)	200.47	−0.3	—	8.50	—	201.09	201.56	199.26	199.14	173.75
64	Hire Purchase (5)	146.46	+0.8	13.36	5.60	11.08	145.34	147.43	152.29	149.12	129.71
65	Insurance (Life) (10)	139.16	+0.3	—	6.54	—	138.72	139.84	140.86	140.71	112.41
66	Insurance (Composite) (7)	125.69	+0.3	—	6.79	—	125.37	125.73	128.17	127.93	119.14
67	Insurance Brokers (10)	346.23	+0.5	13.94	4.25	10.27	344.62	347.61	351.81	350.47	295.38
68	Merchant Banks (14)	79.39	+0.3	—	6.07	—	79.17	80.07	80.82	80.65	70.28
69	*Property (31)*	229.93	+1.4	2.98	3.04	64.44	226.77	226.97	230.64	229.42	197.11
70	Miscellaneous (7)	106.08	−0.2	24.63	7.48	5.62	106.33	107.58	109.50	108.92	93.34
71	Investment Trusts (50)	204.06	+0.2	3.25	4.80	30.79	203.63	206.12	209.00	209.15	179.87
81	Mining Finance (4)	96.85	+1.2	17.28	7.11	7.05	95.71	97.16	97.88	97.88	97.03
91	Overseas Traders (19)	313.49	+0.4	15.41	6.59	8.10	312.37	313.93	318.36	318.10	282.77
99	ALL-SHARE INDEX (673)	214.28	+0.5	—	5.50	—	213.29	214.58	218.00	217.47	193.90

FIXED INTEREST PRICE INDICES

	British Government	Tues. May 23	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	105.23	+0.18	—	3.63
2	5-15 years	115.91	+0.28	—	2.44
3	Over 15 years	120.09	+0.36	—	4.97
4	Irredeemables	127.35	+0.48	—	6.08
5	All stocks	112.99	+0.28	—	3.97

FIXED INTEREST YIELDS — Br. Govt. Av. Gross Red.

			Tues. May 23	Mon. May 22	Year ago (approx.)
1	Low Coupons	5 years	8.66	8.70	7.21
2		15 years	11.01	11.03	10.56
3		25 years	11.58	11.62	11.66
4	Medium Coupons	5 years	11.16	11.21	9.58
5		15 years	12.21	12.26	11.39
6		25 years	12.39	12.43	12.88
7	High Coupons	5 years	11.47	11.54	10.31
8		15 years	12.72	12.77	12.47
9		25 years	13.15	13.21	12.73
10	Irredeemables		11.47	11.52	11.81

		Tuesday May 23 Index No.	Tuesday May 23 Yield %	Monday May 22	Friday May 19	Thurs. May 18	Wed. May 17	Tuesday May 16	Monday May 15	Friday May 12	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	57.39	12.93	57.28	57.72	57.87	57.83	57.87	57.73	57.69	55.73
16	Investment Trust Prefs. (15)	51.62	13.75	51.62	52.35	52.35	52.17	52.17	52.17	52.16	51.92
17	Coml. and Indl. Prefs. (20)	69.86	13.17	69.92	70.30	70.47	70.41	70.30	70.32	70.32	71.41

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

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هكذا الأجل

INSURANCE, PROPERTY, BONDS

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

BASE LENDING RATES

A.B.N. Bank	9 %	■ Hill Samuel §	9 %
Allied Irish Banks Ltd.	9 %	C. Hoare & Co. †	9 %
American Express Bk.	9 %	Julian S. Hodge	10 %
Amro Bank	9 %	Hongkong & Shanghai	9 %
A P Bank Ltd.	9 %	Industrial Bk. of Scot.	7½%
Henry Ansbacher	9 %	Keyser Ullmann	9 %
Banco de Bilbao	9 %	Knowsley & Co. Ltd.	11½%
Bank of Credit & Cmce.	9 %	Lloyds Bank	9 %
Bank of Cyprus	9 %	London Mercantile	9 %
Bank of N.S.W.	9 %	Edward Manson & Co.	10½%
Banque Belge Ltd.	9 %	Midland Bank	9 %
Banque du Rhone	9½%	■ Samuel Montagu	9 %
Barclays Bank	9 %	■ Morgan Grenfell	9 %
Barnett Christie Ltd.	9½%	National Westminster	9 %
Bremar Holdings Ltd.	10 %	Norwich General Trust	9 %
Brit. Bank of Mid. East	9 %	P. S. Refson & Co.	9 %
■ Brown Shipley	9 %	Rossminster Accept'cs	9 %
Canada Perm't. Trust	9 %	Royal Bk. Canada Trust	9 %
Capital C & C Fin. Ltd.	9 %	Schlesinger Limited	9 %
Cayzer Ltd.	9 %	E. S. Schwab	10½%
Cedar Holdings	9½%	Security Trust Co. Ltd.	10 %
■ Charterhouse Japhet	9 %	Shenley Trust	11%
Choulartons	9 %	Standard Chartered	9 %
C. E. Coates	10 %	Trade Dev. Bank	9 %
Consolidated Credits	7½%	Trustee Savings Bank	9 %
Co-operative Bank *	9 %	Twentieth Century Bk.	10 %
Corinthian Securities	9 %	United Bank of Kuwait	9 %
Credit Lyonnais	9 %	Whiteaway Laidlaw	9½%
The Cyprus Popular Bk.	9 %	Williams & Glyn's	9 %
Duncan Lawrie §	9 %	Yorkshire Bank	9 %
Eagil Trust	9 %		
English Transcont.	9 %		
First London Secs.	9 %		
First Nat. Fin. Corpn.	10 %		
First Nat. Secs. Ltd.	9½%		
■ Antony Gibbs	9 %		
Greyhound Guaranty	9 %		
Grindlays Bank ‡	9 %		
■ Guinness Mahon	9 %		
■ Hambros Bank	9 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 6%. 1-month deposits 6¼%.
† 7-day deposits on sums of £10,000 and under 6%, up to £25,000 6¼% and over £25,000 6½%.
‡ Call deposits over £1,000 6%.
§ Demand deposits 6¼%.
¶ Rate also applies to Sterling Ind. Secs.

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b To-day's prices. c Yield based on offer price. d Estimated. g To-day's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

BUILDING SOCIETY INTEREST RATES

GREENWICH

(01-858 8212)
281 Greenwich High Road,
Greenwich, SE10 8NL.
*Deposit Rate 5.25, Share Accounts 5.50, Sub'pn. Shares 6.75, Term Shares 2 yrs. 1% above share rate, 3 yrs. 1% above share rate.

LONDON GOLDHAWK

(01-995 8321)
15/17, Chiswick High Road,
London W4 2NG.
Deposit Rate 5.25, Share Accounts 5.75, Sub'pn. Shares 7.00.

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1978 High	Low	Stock	£	+ or –	Int.	Red. Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Five to Fifteen Years

1978 High	Low	Stock	£	+ or –	Int.	Red. Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Over Fifteen Years

1978 High	Low	Stock	£	+ or –	Int.	Red. Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Undated

1978 High	Low	Stock	£	+ or –	Int.	Red. Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

**INTERNATIONAL BANK

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.04	10.09

**CORPORATION LOANS

1978 High	Low	Stock	£	+ or –	Int.	Red. Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

COMMONWEALTH & AFRICAN LOANS

1978 High	Low	Stock	£	+ or –	Int.	Red. Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LOANS

Public Board and Ind.

1978 High	Low	Stock	£	+ or –	Int.	Red. Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Financial

1978 High	Low	Stock	£	+ or –	Int.	Red. Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

1978 High	Low	Stock	£	+ or –	Div. Gross	Cvr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMERICANS—Continued

1978 High	Low	Stock	£	+ or –	Div. Gross	Cvr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

S.E. List Premium 47¼% (based on $US1.8090 per £)

Conversion factor 0.6782 (0.6789)

CANADIANS

1978 High	Low	Stock	£	+ or –	Div. Gross	Cvr	Y'ld Gr's
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

S.E. List Premium 47¼% (based on $2.0133 per £)

BANKS AND HIRE PURCHASE

1978 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Hire Purchase, etc.

1978 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BEERS, WINES AND SPIRITS

1978 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

1978 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BUILDING INDUSTRY—Cont.

1978 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CHEMICALS, PLASTICS

1978 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CINEMAS, THEATRES AND TV

1978 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DRAPERY AND STORES

1978 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DRAPERY AND STORES—Cont.

1978 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ELECTRICAL AND RADIO

1978 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ENGINEERING MACHINE TOOLS

1978 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

ENGINEERING—Continued

1978 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FOOD, GROCERIES, ETC.

1978 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

HOTELS AND CATERERS

1978 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

HOTELS—Continued

1978 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

INDUSTRIALS (Miscel.)

1978 High	Low	Stock	Price	+ or –	Div Net	Cvr	Y'ld Gr's	P/E
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

هكذا من الأصل

هكذا من الأصل

INDUSTRIALS—Continued

INSURANCE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INV. TRUSTS—Continued

Finance, Land, etc.

FINANCE, LAND—Continued

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

INSURANCE

MINES—Continued

CENTRAL AFRICAN

AUSTRALIAN

TINS

COPPER

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
17	9	Burma Mines 17½p.	16	......	—	—	—
300	220	Cons. Murch. 10c	255	−2	Q30c	2.6	7.0
385	245	Northgate C$1	365	......	—	—	—
219	164	R.T.Z.	214	+3	9.5	2.8	6.7
46½	30	Sabina Inds. C$1	44	......	—	—	—
£11	750	Tara Exptn. $1	£10⅝	......	—	—	—
45	43	Tehidy Minerals 10p	45	......	1.33	ϕ	4.5
167	120	Yukon Cons. C$1	167	......	Q7c	2.9	2.0

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

Δ Sterling denominated securities which include investment dollar premium.
■ "Tap" Stock.
* Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
† Interim since increased or resumed.
‡ Interim since reduced, passed or deferred.
‡‡ Tax-free to non-residents on application.
ϕ Figures or report awaited.
†† Unlisted security.
§ Price at time of suspension.
¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
** Free of Stamp Duty.
♦ Merger bid or reorganisation in progress.
♣ Not comparable.
♦ Same interim: reduced final and/or reduced earnings indicated.
§ Forecast dividend; cover on earnings updated by latest interim statement.
‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
♥ Excluding a final dividend declaration.
♣ Regional price.
‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend. P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment. Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

" Recent Issues " and " Rights " Page 34

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	23	......
Ash Spinning	45	......
Bertam	22	......
Bdg'wtr Est. 50p	272	......
Clover Croft	22	......
Craig & Rose £1	420	......
Dyson (R. A.) A	34	......
Ellis & McHdy	62	......
Evans Fr'k. 10p	57#	......
Evered	16xd	......
Fife Forge	50	......
Finlay Pkg. 5p	23	+2½
Graig Ship £1	140	......
Higsons Brew	82xd	......
I O M. Stm £1	150	......
Holt (Jos.) 25p	263	......
N'thn Goldsmith	55	......
Pearce (C. H.)	155xd	+5
Peel Mills	20	......
Sheffield Brick	46xd	+2
Sheff. Refrshmt.	52	......
Sindall (Wm.)	85	......

IRISH

Conv. 9% '80/82	£90¼	+¼
Alliance Gas	68xd	......
Arnott	345	......
Carroll (P.J.)	88	......
Clondalkin	97	......
Concrete Prods.	135	......
Heiton (Hldgs.)	41	......
Ins. Corp.	148	......
Irish Ropes	120xd	......
Jacob	70	......
Sunbeam	34	......
T.M.G.	180	−3
Unidare	90	......

OPTIONS

3-month Call Rates

Industrials

A. Brew	6½	I.C.I.	20	Tube Invest.	30
A.P. Cement	18	"Imps"	6	Unilever	35
B.S.R.	9	I.C.L.	20	Utd. Drapery	7½
Babcock	11	Inveresk	8	Vickers	15
Barclays Bank	25	KCA	3	Woolworths	5
Beecham	35	Ladbroke	17		
Boots Drug	15	Legal & Gen.	14	**Property**	
Bowaters	16	Lex Service	7	Brit. Land	3¼
B.A.T.	24	Lloyds Bank	22	Cap. Counties	4½
British Oxygen	6	"Lofs"	4	E.P.	5
Brown (J.)	20	London Brick	5	Intreuropean	4
Burton 'A'	12	Lonrho	5	Land Secs.	16
Cadburys	5	Lucas Inds	25	MEPC	12
Courtaulds	10	Lyons (J.)	10	Peachey	8
Debenhams	6	"Mams"	7	Samuel Props.	9
Distillers	15	Mrks. & Spncr	10	Town & City	1¼
Dunlop	7	Midland Bank	25		
Eagle Star	11	N.E.I.	12	**Oils**	
E.M.I.	14	Nat West. Bank	22	Brit. Petroleum	45
Gen. Accident	17	Do. Warrants	10	Burmah Oil	5
Gen. Electric	18	P & O Dfd.	8	Charterhall	3
Glaxo	40	Plessey	0	Shell	28
Grand Met.	9	R.H.M.	5	Ultramar	20
G.U.S. 'A'	20	Rank Org. 'A'	18		
Guardian	18	Reed Intnl	12	**Mines**	
G.K.N.	22	Spillers	3	Charter Cons.	12
Hawker Sidd.	20	Tesco	4	Cons. Gold	14
House of Fraser	12	Thorn	22	Rio T. Zinc	16
		Trust Houses	15		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Wednesday May 24 1978

Shaba death toll mounts as French find more bodies

By MARK WEBSTER

KINSHASA, May 23.

FRENCH LEGIONNAIRES in the Shaba province of Zaire are still uncovering the bodies of Europeans slaughtered by rebels in their flight from the mining town of Kolwezi, a Western diplomat said today.

According to military reports, 20 moer European had been found in a house outside Kolwezi. The group included 12 children.

Other victims have been found in isolated farmhouses and small communities in the area and it is now thought that 200 Europeans and 200 rebels, plus an unknown number of other Zaireans have been killed.

In Paris, meanwhile, President Valery Giscard d'Estaing announced that the French paratroopers sent to Kolwezi would return to France as soon as they had traced those Europeans still missing in the area.

He told a Press conference after a two-day Franco-African summit that the Zaire Government would be informed in advance of the French withdrawal so that it could take the necessary steps to secure the security of the region.

President Mobutu, in Paris for the summit, was earlier reported as having tried to persuade President Giscard of the importance of keeping the troops in the country indefinitely. There are 600 of them in the province at present.

President Mobutu desperately needs an outside force to guard his frontiers, as his own army has been largely discredited.

The 600 Belgian troops at the military base of Kamina are staying strictly neutral, much to the fury of President Mobutu.

The Moroccans, meanwhile, have hotly denied reports that their troops have arrived in Zaire. A French military source had reported that the first batch of 40 men had gone down to Kamina, but the Moroccan embassy here said that Morocco had not intention for the moment of sending any troops, although some Moroccan military transport aircraft had flown down to Kamina.

The Moroccans played a big role in defeating the last invasion of Shaba province last year.

Robert Mauthner report from Paris: France and French-speaking African countries agreed here to-night to examine a project for a collective security arrangement which would enable African countries to defend themselves against external agression.

The task of drawing up a blueprint for a Franco-African defence pact was given to President Leopold Senghor of Senegal, one of the most ardent advocates of European involvement in Africa.

Several Heads of Government at the conference of 21 African and Indian Ocean states here publicly supported the creation of an African peace-keeping force, to which each state would make some kind of contribution.

President Eyadama of Togo told jouranalists earlier to-day that if an agreement was eventually reached on the creation of such a force, it would certainly have to be set up with French assistance. The African countries needed the technical know-how and experience of the French Army, he said.

It was understood, however, that some states, notably Mali, expressed strong reservations about the creation of a pan-African force with French aid.

The Africa continent was threatened by a vast attempt to upset its "geopolitical equilibrium." He emphasised that it was up to the Africans themselves to solve their problems."

Meanwhile, the French Defence Ministry said that the rebels had left behind piles of documents when they beat a hasty retreat. The papers, which were being analysed in Kinshasa, showed that the rebels had approached Kolwezi in three columns and were met in the town by a large group of supporters.

Further details Page 5
Copper and cobalt prices Page 23

Chase insists on Peru guarantee

By Nicholas Asheshov

LIMA, May 23.

THE CHASE Manhattan Bank is demanding a special law to ensure the Southern Peru Copper Corporation's financial future as a condition for further financial assistance to the hard-pressed Peruvian military government.

The bank's request came in the form of a sharply-worded telex message from its New York headquarters to Dr. Manuel Moreyra, President of the Central Reserve Bank, in Lima.

It has provoked equally sharp reaction from the Peruvian authorities, who are warning obliquely that if they do not get further financial help they will be forced to declare a moratorium on their foreign debts.

Peru's public external debt due this year amounts to $645m (£352m).

The matter centres on the disposal of income from the corporation's new and costly Cuajone copper mine, one of the biggest mining ventures in the country, and the rights of SPCC shareholders and financiers. SPCC is owned by four U.S. mining companies, the principal shareholder being Asarco with a 52.2 per cent stake.

At the moment income from Cuajone copper sales goes into two Central Reserve Bank accounts with Chase Manhattan in New York. One is used to remit funds back to Peru for running expenses and the other is a kind of sinking fund used to pay off loans and distribute profits. Chase wants this system to be guaranteed by specific new legislation.

The Cuajone mine went into operation at the end of 1976 after an investment of $750m, about two-thirds of which was borrowed from about 60 international banks in a deal tied to the sale of the mine's copper output.

The Chase message to the Central Bank talked in insistent terms about the urgency for the special legislation and then emphasised that it is "absolutely a prior condition of the further co-operation" of Chase and "banking institutions worldwide" which are at the moment considering "further financial arrangements" with Peru.

The telex calls for legislation to be "passed this week without fail."

As the Chase telex implies, Peru is urgently requesting fgurther financial help from the international banking community. The Central Bank has little or no foreign cash reserves. Exports this year can at most be expected to bring in about $950m.

Peru's banking relations with the outside world are being continued on a day-to-day basis.

Dr. Moreyra is in New York today, asking a steering committee of international banks for a roll-over arrangement to avoid a default.

THE LEX COLUMN

Tenneco picks its moment

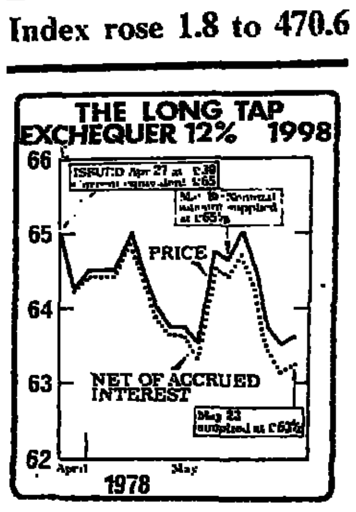
It cost Tenneco altogether around £20m to acquire its current 49.8 per cent stake in Albright and Wilson. Now it is offering nearly £100m—or165p cash a share—for the remainder. The difference between those two sums can be viewed as reflecting Tenneco's opportunistic skill, in investing in a rocky situation back in 1971. But it also reflects the cost imposed on Albright's shareholders by the management mistakes of the 1960s.

Ever since Albright began to come right in the mid-1970s the non-Tenneco directors have been waiting for the moment when the U.S. group would attempt to gain full control. Now Tenneco has chosen a moment shortly after the publication of Albright's annual report, which forecast no dramatic change in the company's results in 1978. The offer has been publicly laid on the table, represents an exit p/e of 11 or so, and leaves the non-Tenneco directors in the full glare of publicity as they consider their response.

The fact that the bid has come this year rather than last, however, to a large extent seems to reflect internal considerations at Tenneco. For several years the U.S. conglomerate has baulked at converting its remaining loan stock to take its stake over 50 per cent., for it has been unwilling to consolidate Albright's debt. Even at the end of 1977 the group had some $2.8bn of debt outstanding against stockholders' equity of $3.1bn. But it seems that Tenneco is now looking forward to the commencement of production from the Heather field in the North Sea at the end of the year, and a wholly-owned Albright would be a more suitable vehicle for reinvestment of this cash flow.

In a very real sense, the non-Tenneco directors have already been conducting their defence for some considerable time. A series of press conferences and institutional presentations appear to have been designed to make sure Tenneco could not pick up too much of a bargain. So even before yesterday's suspension at 123p the price was very close to the recent peaks.

Index rose 1.8 to 470.6



BMW

The managements of BMW and Daimler Benz may stress strikes, the rising DM, the cost of German labour and the possible passing of the German motor sales boom, but to the outside world the progress of their companies appears inexorable. BMW said yesterday that orders for the first four months were 50 per cent up on their 1977 level, while the buyer of some Mercedes models now waits for more than three years before delivery. Both companies are manufacturing flat out. Both will continue their steady increase in capital investment in 1978.

Labour costs in the German motor industry are now DM 23.20 per man hour, say BMW, versus DM 19.80 in the U.S. and DM 14.20 in Japan. Yet such is the price that the buyer of smart cars will pay for German solidity that BMW still has no thoughts of following Volkswagen into overseas assembly.

Though both companies made impressive advances in sales and profits last year, German tax reform obscured this fact in their p and l accounts and denied overseas investors the rewards. Both companies cut their cash dividends to DM 9 — BMW from DM 10 and Daimler from DM 9.5—and only German investors will benefit from a tax rebate worth DM 5 a share. For the foreign investor BMW shares were yielding 4 per cent last night at DM 226, while Daimler at DM 295 were yielding 3 per cent.

Thos. Borthwick

They always say that bad figures take longer to add up and by the time Thomas Borthwick released its interim profits last night the stock market had long since gone home. So not much should be read into the 2p rise in the share price to 66p on the day.

Following the spectacular down turn in the second half of last year, Borthwick's first-half pre-tax profits are 57 per cent down at £2.2m. The company has had to dip into reserves to pay the dividend and "considers that prudence may dictate a real constraint on the year-end dividend"—i.e., it might have to cut it.

This is the latest episode in the group's short but unhappy stock market career. When it was brought to the stock market by Morgan Grenfell in the summer of 1976 the company warned shareholders that "they should not expect dividends in good years to match the increase in profits. However, in less profitable years, the directors intend at least to maintain the previous year's dividend payments, so long as they do not prejudice the financial strength of the group . . . and to provide shareholders with a regular and steadily rising income." Less than two years later, Borthwick's is hinting that the dividend could be cut.

Admittedly, Borthwick's has had its fair share of bad luck. Because of chronic labour troubles, its New Zealand operation, which would normally contribute close to half its profits, lost over £1m in the first half. But Borthwick's £12.5m bid for Matthews Holdings last year now looks to have been a very expensive and ambitious exercise which has been draining both the company's cash and management resources — short-term borrowings are currently in excess of £50m against shareholders' funds of just under £30m. The board says that it is "well satisfied with the acquisition." Shareholders may think otherwise.

The long tap

The Government broker's decision to activate the long tap raised a few eyebrows. The price was cut by around £1½ to £63 but this did not look to be a particularly aggressive move. The authorities probably sold under £100m. of stock but not as much was taken up by the institutions and there were rumours that the authorities were only helping out a few jobbers that had been caught short.

Whatever the motive, the decision was not the sort of major initiative that the financial markets had been waiting for, and it is seen more as a stabilising move.

New audit standards introduced

By Michael Lafferty

THE UK accounting bodies have launched a programme of definitive minimum audit standards to meet some of the recent criticisms levelled at the auditing profession.

Up to now public accountants in the UK have only had a series of guidance statements to help them in their audit work.

The new audit standards should provide benchmarks against which both accountants and outsiders can measure performance. They will complement the profession's accounting standards-setting programme launched in 1969.

The decision to issue auditing standards follows two years in which some of the largest accounting firms in the country have been criticised in Department of Trade reports.

Auditors are now warned that a court may well take these standards, and the back-up guidelines, as indicative of good practice when considering the adequacy of a particular company audit. Accountants who fail to observe the standards could face disciplinary action from their professional body.

The draft standards are presented in the form of 11 papers. They are now open for discussion for six months and will probably become definitive around the turn of the year.

The auditors respond Page 20

U.S. anti-dumping drive will cost BSC £100m

BY ROY HODSON

THE British Steel Corporation is expecting to lose two-thirds of its U.S. business, worth about £100m, this year as a result of the anti-dumping campaign against imports now being conducted by some of the U.S. steel companies.

Pressure upon the traditional British Steel trade in the U.S. has heightened steadily since last October.

Six dumping complaints against the corporation's products have been filed by National Steel, Armco Steel, and Korf Industries (an associate of the West German company Korf-Stahl). Also the U.S. Government has introduced its trigger price system designed to reduce imports of foreign steel.

The resolve of some of the U.S. producers to persist with their campaign against imports has been stiffened by new figures for the U.S. steel trade. They show that imports of steel into the U.S. in the first three months of this year were at a record level of 5.75m tonnes—Europe sent 2m tonnes.

British Steel sees no immediate prospect of the pressure against its U.S. trade being relaxed. The corporation is bracing itself for a reduction of its business from the level of 764,000 tonnes in 1977-78 to only some 250,000 tonnes in 1978-79.

The loss will cut the corporation's total exports by 16 per cent, and will be a serious setback to hopes of bringing the business back into profits by the early 1980s.

British Steel lost £440m. last year and a loss of £400m. has been projected for the current year.

In a recent document, Prospects for Steel, the corporation set its management a financial objective of operating on a break-even basis by the end of the year 1979-80 and foresaw exports continuing at round 3m tonnes a year. The document was cautious about exports growth prospects but did not provide for the sudden collapse of any of the corporation's major markets.

British Steel has always sold strongly in the U.S. market and regards its rightful share of that market, based upon traditional trading, as round about 1m tonnes of steel a year.

Defending itself in the U.S. courts against the anti-dumping suits promises to be a long and costly business for British Steel.

Mr. William Verity, chairman of Armco, said when his company filed its case that it had selected the UK as its first anti-dumping target because British Steel prices were "ridiculous" when measured against costs in the British industry.

Pricing 'flaw'

U.S. steel industry leaders indicated yesterday that they were unhappy with the U.S. Government trigger price mechanism designed to protect the domestic industry against alleged dumping by foreign manufacturers.

Mr. George Stinson, chairman of the National Steel Corporation, said that the industry is seeking "prompt revision" to eliminate "serious flaws" in the system.

Details, Page 6

British Shipbuilders to diversify in effort to save jobs

BY LYNTON McLAIN, INDUSTRIAL STAFF

BRITISH Shipbuilders plans a big diversification programme to save jobs and provide alternative work in the face of the world shipbuilding slump, Mr. Michael Casey, chief executive, said in London yesterday.

Details of the programme will be in British Shipbuilders' first corporate plan, now half-completed but expected to be ready by the end of the year.

The radical plans for the survival of British Shipbuilders call for a six-point diversification out of shipbuilding in some yards and in parts of others. There would also be an expansion of warship marketing overseas. In the past 20 months a fifth of the workforce in the corporation has moved out of merchant shipbuilding into naval work.

Plans for alternative work include diversification into offshore engineering, subsea assemblies for oil-related work on the ocean floor, new merchant ships and non-marine engineering development. Investment in all the new fields would fall far short of £100m over the next five years, as many yards already have flexible manufacturing facilities.

The corporation said yesterday that it was talking with every British flag carrier to persuade them to buy new ships in Britain.

British Shipbuilders also is considering converting underused ship repair yards to bases for scrapping unwanted ships. UK owners get rid of most of their older ships in the Far East —which scraps the bulk of redundant world shipping—rather than in Britain where there is little purpose-built scrapping capacity.

Mr. Casey said all British yards had the capability of working in civil engineering. The corporation would look at design areas where the UK had no previous expertise, including hydrofoil manufacture.

In the battle to win orders, British Shipbuilders yesterday urged the European Commission to approve a second intervention fund to subsidise building. The existing fund of £65m has been used up and the corporation wants anotker £70m to £80m.

The go-ahead could be given by the end of the month, Mr. Casey added, but he gave a warning that further delays would be felt acutely as yards fought for orders.

Even with these plans, it would be a savage year for British yards. The immediate strategy of British Shipbuilders was to survive in the face of orders which would last only another 18 months.

There was no question of British Shipbuilders' working as a social service. He had no intention of feather-bedding inefficient yards. "But if the Government wants us to do this then they must pay the bill." Nobody in their right mind would say that all the yards could be kept going.

Continued from Page 1

White Paper

seats on a policy board in the new two-tier structure, subject to a ballot of all employees.

The worker director system would be based on the unions although the White Paper says that "homogeneous" groups of non-unionists might have a right of appeal.

This does not go nearly far enough in accommodating the interests of non-unionists to please either the Conservative Party or the CBI. But Mr. Callaghan showed his determination on this issue when he said: "The bedrock of our proposals is that they should operate through the trade union movement."

However, he also pointed out that the White Paper has "green edges" on several points and stressed his willingness to have a further round of consultations with both sides of industry before legislation is presented to Parliament.

These issues include what rights of appeal non-unionists should have in a worker director system, whether there should be a three- or four-year waiting period before a company had to accept a claim for worker directors, and whether any industries or sectors of the economy should be excluded from the legislation.

Lord Bullock, who was chairman of last year's Committee of Inquiry, welcomed the White Paper last night. He was pleased that the Government had "decided to make a start with employee representation on boards and to do so along the broad lines proposed by the committee."

However, the Institute of Directors called for an urgent meting with the Prime Minister to protest that the White Paper "disregards the need for quality in our directors and will ensure conflict instead of teamwork in our boardrooms."

The Engineering Employers Federation said it believed the proposals were "inflexible and impractical in seeking to extend trade union influence at the expense of industrial efficiency."

Continued from Page 1

Peers shown 'Saudi blacklist'

under the chairmanship of Lord Redcliffe-Maud, had been told that the Department of Trade had no authoritative copy of an Arab blacklist.

He claimed it had been sent to him by the Jeddah Chamber of Commerce to which he had written on his private stationery, enclosing a $25 cheque. Many of the blacklisted companies have Jewish directors known for their support of Israel.

It is understood that 12 per cent of the 1,150 entries are subsidiaries and affiliates of Great Universal Stores, whose chairman, Sir Isaac Wolfson, is a benefactor of Israel.

Another 5 to 10 per cent are affiliates and subsidiaries of Sears Holdings, whose chairman, Sir Charles Clore, also supports Israeli causes.

Mr. Maslow, expressing support for the Bill sponsored by Lord Byers, said that experience in the U.S. since anti-boycott legislation was passed there, had disproved claims that there would be reprisals by Arab nations. Arab trade had increased rather than decreased.

He also claimed that British Petroleum had told Jewish leaders in Britain that it would no longer ask other companies from whom it was inviting tenders for Middle East construction work whether they complied with the Arab boycott.

BP had given this pledge after an incident last August, when Brown and Root, a subsidiary of Halliburton of Texas, the U.S. construction company, had received an invitation to bid for a project in Abu Dhabi from BP Trading, a subdivision of BP.

The invitation included a "form of tender" which Mr. Maslow showed to the committee. Paragraph Four read: "We declare that we are not in breach of any of the regulations of the Arab boycott of Israel." Clause 78 stated that the contractor should comply with all laws and orders relating to the Arab boycott.

Brown and Root had filed these papers with the U.S. Commerce Department and reported that it would not comply with the BP Trading request, which was in violation of the U.S. Export Administration Act.

Earlier Mr. Tom Boardman, president of the Association of British Chambers of Commerce, said that while the association deplored the boycott, legislation would be "positively damaging" to British trade. It also opposed an initiative by the EEC, although that would be less damaging to British interests.

Anthony McDermott writes: The Damascus headquarters of the Arab boycott office issues the central list of banned companies and their subsidiaries. However, each Arab country applies these lists more or less according to its economic needs.

In London Arab boycott officials denied that a list such as the one obtained by Mr. Maslow existed.

Weather

U.K. TODAY

SUNNY periods, some showers.

London, S.E., Cent. S., Cent. N. England, Midlands
Sunny, isolated showers. Max. 20C (68F).

E. Anglia, E., N.E. England
Cloudy, sunny intervals. Max. 16C (61F).

Channel Islands, S.W., N.W. England, Wales, Lakes, Isle of Man, S.W. Scotland, Glasgow, N. Ireland
Cloudy, showers. Max. 16C (61F).

Borders, Cent. Highlands, N.E. Scotland, Orkney
Cloudy, rain. Max. 14C (57F).

N.W. Scotland
Cloudy, showers. Max. 14C (57F).

Shetland
Cloudy. Wind N.E. Max. 8C (46F).

Outlook: Dry with sunny intervals.

BUSINESS CENTRES

	Y'day Mid-day	°C	°F		Y'day Mid-day	°C	°F
Alexandria	S	30	86	Luxembourg	C	13	55
Amsterdm.	C	11	52	Madrid	C	11	52
Athens	C	24	75	Manchester	F	16	61
Bahrain	S	35	95	Melbourne	R	14	57
Barcelona	C	17	63	Mexico C	S	25	77
Beirut	S	24	75	Milan	C	15	59
Belfast	F	16	61	Montreal	S	15	59
Belgrade	Th	19	66	Moscow	F	14	57
Berlin	R	10	50	Munich	R	9	48
Birmnghm.	S	18	64	Newcastle	C	13	55
Bristol	S	19	66	New York	C	24	74
Brussels	C	11	52	Oslo	R	17	63
Budapest	F	20	68	Paris	F	17	63
B. Aires	S	12	54	Perth	C	19	66
Cairo	S	32	90	Prague	S	17	63
Cardiff	S	15	59	Reykjavik	F	6	43
Chicago	R	16	61	Rio de J'o	C	29	84
Cologne	C	11	52	Rome	C	19	66
Copnhagn	R	12	54	Singapore	R	30	86
Dublin	F	17	61	Stockholm	S	20	68
Edinburgh	C	15	59	Strasbrg	R	12	54
Frankfurt	R	11	52	Sydney	S	19	66
Geneva	C	13	55	Tehran	S	29	84
Glasgow	C	15	59	Tel Aviv	S	24	75
Helsinki	S	17	63	Tokyo	C	22	72
H. Kong	C	24	75	Toronto	C	20	67
Jo'burg	C	17	63	Vienna	F	21	70
Lisbon	F	15	59	Warsaw	C	19	66
London	S	19	66	Zurich	R	8	46

HOLIDAY RESORTS

	Y'day Mid-day	°C	°F		Y'day Mid-day	°C	°F
Ajaccio	C	18	64	Jersey	S	16	61
Algiers	C	18	64	Las Plms.	F	20	68
Biarritz	F	15	59	Locarno	R	14	57
Blackpool	C	13	55	Luxor	S	38	100
Bordeaux	C	15	59	Majorca	F	21	70
Boulogne	S	14	57	Malaga	R	18	64
Cape Tn.	S	16	61	Malta	S	23	73
Corfu	S	22	72	Nairobi	C	21	70
Dubrovnik	C	20	68	Naples	F	20	68
Florence	F	17	63	Nice	S	19	66
Funchal	F	18	64	Nicosia	S	27	81
Gibraltar	F	19	66	Rhodes	S	22	72
Guernsey	S	[illegible]	[illegible]	Salzburg	C	15	59
Innsbruck	R	15	59	Tenerife	C	16	61
Inverness	R	11	52	Tunis	F	22	72
Is. of Man	S	15	59	Valencia	Th	17	63
Istanbul	F	24	75	Venice	R	15	59

S—Sunny R—Rain C—Cloudy F—Fair Th—Thunderstorms.

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